

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Sumpter Township	County Washtenaw
Audit Date March 31, 2005	Opinion Date March 22, 2006	Date Accountant Report Submitted to State: April 26, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) REHMANN ROBSON THOMAS E. DARLING, CPA			
Street Address 5750 NEW KING STREET, SUITE 200	City TROY	State MI	Zip 48098
Accountant Signature 			

SUMPTER TOWNSHIP, MICHIGAN

AUDIT REPORT

APRIL 1, 2004 - MARCH 31, 2005

REHMANN ROBSON
Certified Public Accountants

Sumpter Township, Michigan
Annual Financial Report
For the Year Ended March 31, 2005

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REHMANN ROBSON

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

March 22, 2006

To the Township Board
Sumpter Township
Belleville, Michigan 48111

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of ***Sumpter Township, Michigan***, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of ***Sumpter Township, Michigan's*** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of ***Sumpter Township, Michigan***, as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2006, on our consideration of *Sumpter Township, Michigan's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 5 through 12, the schedule of funding progress on page 55, and the budgetary comparison information on pages 55 through 57, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding their methods of measurement and presentation of their required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise *Sumpter Township, Michigan's* basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Rehmann Lobson

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

SUMPTER TOWNSHIP, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2005
PAGE 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sumpter Township management offers this narrative overview and analysis of the Township's financial activities and statements for the fiscal year ended March 31, 2005. The accounting and financial reporting standards that the Township follow are established by the Governmental Accounting Standards Board (GASB). This narrative is an overview of the financial health of the Township based on the information in the statements. This discussion is intended to be an objective, straightforward and understandable introduction to the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded liabilities at the close of the fiscal year ended March 31, 2005, by \$21,984,399 (*net assets*). Of this amount \$6,600,343 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net assets increased by \$1,329,001. This increase is mainly attributable to:
 - In the governmental activities, an increase in fund balance in the royalties fund for the current year of \$758,521.
 - In the business-type activities, an increase in sewer connection fees of approximately \$288,000.
- At the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$4,170,877 of which \$2,701,496 is *available for spending* at the Township's discretion (*unreserved, undesignated fund balance*).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$611,741 or 16.05% of total general fund expenditures.
- The Township continued the investment in the Phase II sewer project with a \$3,000,000 bond issue to help pay the current year expense of \$3,404,872 for this project. In January 2005, the first resident was connected to this new sewer system.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 13 and 14-15) provide information about the activities of the Township as a whole and present a longer-term view of the Township finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Township as a whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the Township as a whole begins on page 13. The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer the question - "Is the Township as a whole better off or worse off as a result of the year's activities?" The statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

SUMPTER TOWNSHIP, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2005
PAGE 2

These two statements report the Township's *net assets* and changes in them. You can think of the Township's net assets - the difference between assets and liabilities - as one way to measure the Township's financial health, or *financial position*. Over time, *increases* or *decreases* in the Township's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non financial factors, however, such as changes in the Township's tax base, to assess the *overall health* of the Township.

In the Statement of Net Assets and the Statement of Activities, we divide the Township into two kinds of activities:

- **Governmental Activities** -- Most of the Township's basic services are reported here, including general government (administration), public safety (police, fire and animal control), public services, sanitation (refuse collection), highways and streets, and recreation and culture (parks, recreation, library) and other functions. Property taxes, state shared revenues and royalties revenues finance most of these activities.
- **Business-type activities** - The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township's water and sewer system is reported here.

Reporting the Township's Most Significant Funds

Our analysis of the Township's major funds begins on page 16. The fund financial statements provide detailed information about the most significant funds - not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township Board establishes many other funds to help it control and manage money for particular purposes (like the Fire Fund and the Police Fund) or to show that it is meeting legal responsibility for using certain taxes, grants and other money (like grants received from Wayne County for the Community Development Block Grant program). The Township's two kinds of funds - *governmental and proprietary* - use different accounting approaches.

- **Governmental Funds** - Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can be readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Township's governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation on page 17 and page 19 which follow the fund financial statements - Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.
- **Proprietary Funds** - When the Township charges customers for services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Township's enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

SUMPTER TOWNSHIP, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2005
PAGE 3

The Township as Trustee

Reporting the Township's Fiduciary Responsibilities

The Township is the trustee, or fiduciary, for its employees' pension plan. All of the Township's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets on pages 25 and 26. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE TOWNSHIP AS A WHOLE

For the year ended March 31, 2005, net assets changed as follows:

	Governmental Activities	Business-type Activities	Total
Beginning Net Assets	\$ 7,218,749	\$ 13,436,649	\$ 20,655,398
Increase/(Decrease) in Net Assets	863,481	465,520	1,329,001
Ending Net Assets	<u>\$ 8,082,230</u>	<u>\$ 13,902,169</u>	<u>\$ 21,984,399</u>

	2005 Governmental Activities	2005 Business-Type Activities	2005 Total
Net Assets			
Current Assets	\$ 5,107,349	\$ 3,348,923	\$ 8,456,272
Noncurrent Assets	4,559,864	18,472,087	23,031,951
Total Assets	<u>9,667,213</u>	<u>21,821,010</u>	<u>31,488,223</u>
Current Liabilities	779,258	1,719,961	2,499,219
Long-Term Liabilities	805,725	6,198,880	7,004,605
Total Liabilities	<u>1,584,983</u>	<u>7,918,841</u>	<u>9,503,824</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	3,572,126	10,038,650	13,610,776
Restricted	193,636	1,579,644	1,773,280
Unrestricted	4,316,468	2,283,875	6,600,343
Total Net Assets	<u>\$ 8,082,230</u>	<u>\$ 13,902,169</u>	<u>\$ 21,984,399</u>

Net assets of the Township's governmental activities increased by 11.96%. Governmental activities were charged with \$254,217 of depreciation and the general fund experienced \$17,327 of expenditures and other uses in excess of revenues and other sources.

Net assets of the Township's business-type activities increased by 3.46%. This increase is due to the fact approximately 80 new water customers were added during the year and approximately 50 new sewer customers were added to our new Phase II sewer lines.

SUMPTER TOWNSHIP, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2005
PAGE 4

Since this is the first year to report all activities on the accrual basis of accounting, a comparison to the prior year is not possible (with the exception of the above comparison). However, in future years, this section will explain the differences between the current and prior-year assets, liabilities and changes in net assets.

Governmental Activities

Again, because this is the first year to report governmental activities on the accrual basis of accounting, a comparison to the prior year is not possible. However, in next years discussion this section will show a condensed financial comparison of revenues and expenses and provide explanations for significant differences

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expense and Changes in Net Assets. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Township's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

General Government	Licenses and fees
Public Safety	Ordinance Fines and Costs, State funds for 911 service fees
Public Works	Building, electrical and other permits and licenses
Recreation and Culture	Recreation rentals, Federal CDBG grant
Other Functions	Federal CDBG grants for housing rehab

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

Business-type Activities

The Township has one business-type activity - the Water and Sewage Disposal System Fund. The operating revenues of the Township's Water and Sewage Disposal System Fund increased by 23.19% (\$1,558,533 in 2003-04 compared to \$1,919,921 in 2004-05) while operating expenses increased by 6.04% (\$1,637,642 in 2003-04 to \$1,736,628 in 2004-05) Interest earned in the Water and Sewage Disposal System Fund increased from \$36,414 in the prior year to \$72,116 in the current year. The Township experienced a net income in the Water and Sewer System Fund for the current year of \$465,520.

SUMPTER TOWNSHIP, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2005
PAGE 5

The Township purchases water from the City of Detroit. The Detroit rates to the Township decreased from \$10.95 per Mcf to \$10.34 per Mcf on all water purchased July 1, 2004 through March 31, 2005. Water rates charged to Sumpter customers have not changed since July 1, 2003.

The Township purchases Sewer flow from Ypsilanti Communities Utility Authority. The YCUA rate to the Township has remained at \$1.25505 per 100 c.f. for the entire current year. Rates to Sumpter customers has remained constant since July 1, 2003.

The Water and Sewage Disposal System Fund issued bonds during the current year in the amount of \$3,000,000 to continue the construction project known as Phase II Sewer Lines. Additional information on this bond issue is described in outstanding debt on page 46.

THE TOWNSHIP'S FUNDS

Governmental Funds

With the implementation of two new accounting standards, (GASB 33 and GASB 34) an analysis of current and prior year governmental fund (in particular the general fund) balance sheets is difficult to do. In subsequent years, this section will discuss and analyze significant differences.

At the end of the current fiscal year, Sumpter Township's governmental funds reported combined ending fund balances of \$4,170,877, an increase of 26.3% in comparison with the prior year. Approximately 65% or \$2,701,496 is *unreserved, undesignated fund balance*, which is available for spending at the Township's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for a variety of restricted purposes.

The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$611,741, while total fund balance is \$630,539. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 16.5% of total general fund expenditures. The fund balance of the general fund decreased by \$17,327 during the current fiscal year, as compared to the fund balance at the beginning of the year, as restated, which resulted from a combined decrease in revenues and an increase in expenditures.

The Royalties Fund, is used to record royalties received from the landfill which is budgeted as transfers to other funds for specific purposes. This fund reports a fund balance at year end of \$2,111,483 which is an increase of \$758,521 over the prior year fund balance of \$1,352,962. Revenue from royalties was down from the previous year by \$11,113. Transfers out to other funds were down \$1,503,271 from the previous year. The transfers out to the water and sewer fund during the prior year included \$1,500,000 to cover costs for construction of the new Phase II sewer system.

Proprietary Fund

The Township's proprietary fund, the Water and Sewage Disposal System Fund provides the same type of information found in the government-wide financial statements, but in more detail.

Total net assets of this fund at the end of the current year are \$13,902,169 which was an increase of \$465,520 over the previous year net assets of \$13,436,649. Previous year net assets were restated at April 1, 2004 for previously reported contributed capital of \$2,375,765. Additional facts concerning this fund have been addressed in the discussion of Business-type Activities.

SUMPTER TOWNSHIP, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2005
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General Fund Budgetary Highlights

On March 30, 2004, the Township Board approved the General Fund and Special Revenue Fund Budgets for the year ended March 31, 2005. No amendments to the original budget were proposed to the Township Board.

General Fund actual results varied from budget as shown on page 56 of this report due to various operational factors as follows:

Actual total revenues were \$1,959,270 as compared to budgeted total revenues of \$1,924,836. This increase of \$34,434 was due mainly to tax revenue exceeding budget by \$57,305 and charges for services exceeding budget by \$18,973 offset by decreases in revenue from licenses and permits of \$25,589 and miscellaneous of \$20,624. Tax revenues were up due to collection of delinquent property taxes, charges for services were up due mainly to an increase in Cable TV revenue, licenses and permits were down due to a drop in building permit fees and miscellaneous was down due to a decrease in special assessments for rubbish collections.

Actual total expenditures were \$3,811,702 as compared to budgeted total expenditures of \$3,715,841. This excess of expenditures over budget was due mainly to expenditures for Public Safety exceeding the budget by \$142,785, expenditures for public works exceeding the budget by \$43,987, offset by expenditures for General Government coming in \$90,964 under budget.

Public safety expenditures exceeded budget due to planned overtime reductions which did not occur and higher than usual increases in benefit costs in the police department. The planning department incurred additional costs with the Township engineer for master plan work. The ordinance department converted a part-time employee to a full-time employee and incurred higher than usual increase in benefit costs.

Public works exceeded the budget due to a \$47,212 bill received from the Wayne County for costs incurred on a multi-community drain project which was not budgeted.

General government expenditures were under budget due mainly to the Township Supervisor expenditures coming in under budget by \$44,888 due to reduction in staffing, costs incurred for the annual Sumpter Fest being \$15,230 less than budgeted, the township hall and grounds coming in under budget by \$52,415 due to capital outlay expenditures which were not made, the costs for the Civic Center coming in under budget by \$66,038 due to repairs and capital outlay expenditures which were not made. These savings were offset by staffing changes in the Township Clerk's office which caused expenditures to exceed budget by \$43,450, the assessor costs to exceed budget by \$33,769 due to an additional bill received from Wayne County which acts as the assessor for the Township, and Independent Accounting and Auditing costs which exceeded budget by \$38,360 due to additional services provided during the year.

Royalty Fund actual results varied from budget as shown on page 56 due to various factors as follows:

Actual royalty revenues were \$2,754,126 as compared to budgeted revenues of \$3,225,000 due to the fact that the landfill received less ash waste during the year which is one of several waste streams.

An additional \$97,050 was transferred to the Water Supply and Sewage Disposal System Fund to cover costs of a construction project.

SUMPTER TOWNSHIP, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2005
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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At March 31, 2005, the Township had \$21,088,120 invested in capital assets including land, improvements, buildings, machinery and equipment, infrastructure (roads that were special assessed) and water and sewer lines (see table below). This represents an increase of \$2,936,984 or 16.18% over the previous year.

	Governmental Activities		Business-Type Activities		Total	
	2004	2005	2004	2005	2004	2005
Land and Land Improvements	\$ 77,988	\$ 77,988	\$ 73,368	\$ 92,368	\$ 151,356	\$ 170,356
Building	2,698,595	2,622,473	44,583	39,010	2,743,178	2,661,483
Improvements	127,113	117,541	--	--	127,113	117,541
Machinery & Equipment	1,566,301	1,447,993	34,241	17,279	1,600,542	1,465,272
Infrastructure	307,868	293,869	--	--	307,868	293,869
Utility Property	--	--	11,048,994	16,297,615	11,048,994	16,297,615
Construction in Progress	--	--	2,172,085	81,984	2,172,085	81,984
Total	<u>\$ 4,777,865</u>	<u>\$ 4,559,864</u>	<u>\$ 13,373,271</u>	<u>\$ 16,528,256</u>	<u>\$ 18,151,136</u>	<u>\$ 21,088,120</u>

This year's major addition was the Phase II sewer system construction costs of \$3,404,872.

Additional information on the Township's capital assets can be found in Note 3.C. on page 42 of this report.

Debt

At year end the Township had \$7,649,444 in bonds, contracts and a capital lease outstanding versus \$4,981,196 last year - an increase of 53.57% - as shown in the following table:

	Governmental Activities		Business-Type Activities		Total	
	2004	2005	2004	2005	2004	2005
General Obligation Bonds	\$ 795,000	\$ 715,000	\$ --	\$ 3,000,000	\$ 795,000	\$ 3,715,000
Revenue Bonds	--	--	3,175,000	3,135,000	3,175,000	3,135,000
Special Assessment Bonds	260,073	217,899	209,927	172,101	470,000	390,000
Contracts	--	--	590,000	495,000	590,000	495,000
Capital Leases	107,191	54,839	--	--	107,191	54,839
	<u>1,162,264</u>	<u>987,738</u>	<u>3,974,927</u>	<u>6,802,101</u>	<u>5,137,191</u>	<u>7,789,839</u>
Less Deferred Interest on Refunding	--	--	(155,995)	(140,395)	(155,995)	(140,395)
Total	<u>\$ 1,162,264</u>	<u>\$ 987,738</u>	<u>\$ 3,818,932</u>	<u>\$ 6,661,706</u>	<u>\$ 4,981,196</u>	<u>\$ 7,649,444</u>

New debt resulted from the issuance of the 2004 General Obligation, Capital Improvement Sewer Bonds in the amount of \$3,000,000 for the continuing construction of Phase II sewer lines.

SUMPTER TOWNSHIP, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2005
PAGE 8

Additional information on the Township's capital assets can be found in Note 3.E. on pages 43-47 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

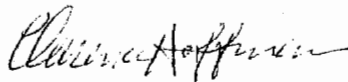
Bringing the Phase II sewer system operational beginning in January, 2005 has spurred several proposed development projects, both residential and commercial. In addition, approximately 500 new sewage disposal customers have been added to the system.

Due to a change of personnel in the accounting department relatively close to the beginning of the March 31, 2006 fiscal year, a budget was passed which was a mirror image of the prior year budget. The Township Board approved the budget as a temporary measure to meet statutory requirements under state law. Analytical work is currently underway to amend the budget to reflect all current economic factors.

Both the Township's water and sewage disposal rates are currently being subjected to a rate study to determine if a rate increase is in order.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report, contact the Township Clerk's office at 23480 Sumpter Road, Belleville, Michigan 48111.



Clarence Hoffman
Clerk, Sumpter Township

BASIC FINANCIAL
STATEMENTS

Sumpter Township, Michigan
Statement of Net Assets
March 31, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 3,765,574	\$ 1,766,717	\$ 5,532,291
Receivables (Net)	854,485	394,924	1,249,409
Internal Balances	413,123	(413,123)	--
Inventories	89	167,386	167,475
Prepaid Expenses	12,232	272	12,504
Deferred Charges	125,769	--	125,769
Restricted Assets:			
Cash and Cash Equivalents	--	1,368,824	1,368,824
Internal Balances	(63,923)	63,923	--
Total Current Assets	5,107,349	3,348,923	8,456,272
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	--	1,579,644	1,579,644
Non-Current Portion of Special Assessments Receivable	--	346,909	346,909
Deferred Charges	--	17,278	17,278
Capital Assets (Note 3C):			
Land, Improvements, and			
Construction in Progress	77,988	174,352	252,340
Other Capital Assets, Net of Depreciation	4,481,876	16,353,904	20,835,780
Total Noncurrent Assets	4,559,864	18,472,087	23,031,951
Total Assets	9,667,213	21,821,010	31,488,223
Liabilities			
Current Liabilities:			
Accounts Payable and Accrued Expenses	340,395	187,500	527,895
Current Portion of Long-Term Debt	182,013	37,826	219,839
Accrued Interest Payable	--	740	740
Deferred Revenue	239,657	26,161	265,818
Liabilities Payable from Restricted Assets			
Accounts Payable and Accrued Expense	--	526,432	526,432
Current Portion of Long-Term Debt	--	425,000	425,000
Accrued Interest Payable	17,193	93,802	110,995
Deferred Revenue	--	422,500	422,500
Total Current Liabilities	779,258	1,719,961	2,499,219
Long-Term Liabilities (Note 3E):			
Due in More than One Year	805,725	6,198,880	7,004,605
Total Liabilities	1,584,983	7,918,841	9,503,824
Net Assets			
Invested in Capital Assets, Net of Related Debt	3,572,126	10,038,650	13,610,776
Restricted For:			
Construction	59,247	884,355	943,602
Debt Service	127,031	695,289	822,320
Other Purposes	7,358	--	7,358
Unrestricted	4,316,468	2,283,875	6,600,343
Total Net Assets	\$ 8,082,230	\$ 13,902,169	\$ 21,984,399

The accompanying notes are an integral part of this statement.

Sumpter Township, Michigan
Statement of Activities
For the Year Ended March 31, 2005

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 1,080,378	\$ 192,907	\$ 3,435	\$ --
Public Safety	2,442,437	42,792	58,593	--
Public Services	87,645	151,786	7,357	--
Highways and Streets	13,999	12,000	--	--
Sanitation	135,323	132,793	--	--
Recreation and Culture	385,086	60,998	27,999	25,576
Other Functions	145,601	70,121	6,305	--
Interest on Long-Term Debt	52,031	--	--	--
Total Governmental Activities	4,342,500	663,397	103,689	25,576
Business-type Activities:				
Water and Sewer	2,002,928	1,919,921	--	--
Total Primary Government	\$ 6,345,428	\$ 2,583,318	\$ 103,689	\$ 25,576

General Revenues:

Taxes:

Property taxes, levied for general purposes
Property taxes, levied for public safety - fire operations
Property taxes, levied for public safety - police operations
Property taxes, levied for library
Property taxes, levied for Water Contract Payment

Investment Earnings

Grants and Contributions not restricted to specific programs

Royalty Fees from Landfill

Transfers

Total General Revenues and Transfers

Change in net assets

Net Assets, Beginning

Net Assets, Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business- Type Activities	Total
\$ (884,036)	\$ --	\$ (884,036)
(2,341,052)	--	(2,341,052)
71,498	--	71,498
(1,999)	--	(1,999)
(2,530)	--	(2,530)
(270,513)	--	(270,513)
(69,175)	--	(69,175)
(52,031)	--	(52,031)
(3,549,838)	--	(3,549,838)
--	(83,007)	(83,007)
(3,549,838)	(83,007)	(3,632,845)
249,153	--	249,153
250,760	--	250,760
491,437	--	491,437
172,906	--	172,906
--	1,361	1,361
23,014	72,116	95,130
946,973	--	946,973
2,754,126	--	2,754,126
(475,050)	475,050	--
4,413,319	548,527	4,961,846
863,481	465,520	1,329,001
7,218,749	13,436,649	20,655,398
\$ 8,082,230	\$ 13,902,169	\$ 21,984,399

Sumpter Township, Michigan

Balance Sheet

Governmental Funds

March 31, 2005

	<u>General Fund</u>	<u>Royalties Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 1,561,437	\$ --	\$ 2,204,137	\$ 3,765,574
Receivables:				
Accounts	341,293	203,507	4,333	549,133
Taxes	24,843	--	111,351	136,194
Special Assessments - Current	--	--	31,443	31,443
Intergovernmental	--	--	137,715	137,715
Due from Other Funds	1,091,540	2,008,976	64,245	3,164,761
Inventory (at cost)	--	--	89	89
Prepaid Items	11,440	--	792	12,232
Deferred Charges	--	--	125,769	125,769
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 3,030,553	\$ 2,212,483	\$ 2,679,874	\$ 7,922,910
	<hr/>	<hr/>	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 185,519	\$ --	\$ 85,218	\$ 270,737
Due to Other Funds	2,010,943	101,000	703,618	2,815,561
Accrued Salaries and Wages	18,970	--	9,226	28,196
Payroll Taxes Payable	29,355	--	--	29,355
Pension Payable	12,107	--	--	12,107
Deferred Revenue	143,120	--	452,957	596,077
Total Liabilities	<hr/>	<hr/>	<hr/>	<hr/>
	2,400,014	101,000	1,251,019	3,752,033
Fund Balance/(Deficit):				
Reserved for:				
Prepaid Items	11,440	--	792	12,232
METRO Act	7,358	--	--	7,358
Fire Operations	--	--	502,970	502,970
Fire Hall Debt Retirement	--	--	65,043	65,043
Police Operations	--	--	600,519	600,519
Library Operations	--	--	160,024	160,024
Debt Service	--	--	61,988	61,988
Road Construction	--	--	59,247	59,247
Unreserved:				
Undesignated	611,741	2,111,483	--	2,723,224
Undesignated Reported in Nonmajor:				
Special Revenue Funds	--	--	(21,728)	(21,728)
Total Fund Balance	<hr/>	<hr/>	<hr/>	<hr/>
	630,539	2,111,483	1,428,855	4,170,877
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ 3,030,553	\$ 2,212,483	\$ 2,679,874	\$ 7,922,910
	<hr/>	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of this statement.

Sumpter Township, Michigan
Reconciliation of Total Governmental
Fund Balance to Net Assets of
Governmental Activities
March 31, 2005

Total Governmental Fund Balance	\$ 4,170,877
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	4,559,864
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.	356,420
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	<u>(1,004,931)</u>
Net Assets of Governmental Activities	<u><u>\$ 8,082,230</u></u>

The accompanying notes are an integral part of this statement.

Sumpter Township, Michigan
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended March 31, 2005

	General Fund	Royalties Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 335,241	\$ --	\$ 908,342	\$ 1,243,583
Licenses and Permits	14,226	--	--	14,226
Intergovernmental	149,385	--	32,326	181,711
Special Assessments	977,869	--	86,764	1,064,633
Charges for Services	125,173	--	--	125,173
Fines and Forfeits	25,656	--	--	25,656
Interest, Rents, and Royalties	44,344	2,754,126	10,207	2,808,677
Miscellaneous	287,376	--	72,965	360,341
Total Revenues	<u>1,959,270</u>	<u>2,754,126</u>	<u>1,110,604</u>	<u>5,824,000</u>
Expenditures:				
Current:				
General Government	1,169,837	--	8,900	1,178,737
Public Safety	2,139,115	--	205,258	2,344,373
Public Works	79,667	--	--	79,667
Sanitation	135,323	--	--	135,323
Recreation and Culture	213,951	--	147,168	361,119
Other	73,809	--	71,792	145,601
Debt Service:				
Principal	--	--	122,174	122,174
Interest and Paying Agent Fees	--	--	54,288	54,288
Total Expenditures	<u>3,811,702</u>	<u>--</u>	<u>609,580</u>	<u>4,421,282</u>
Excess of Revenues Over/(Under) Expenditures	<u>(1,852,432)</u>	<u>2,754,126</u>	<u>501,024</u>	<u>1,402,718</u>
Other Financing Sources/(Uses):				
Transfers In	1,903,205	--	309,210	2,212,415
Transfers Out	(68,100)	(1,995,605)	(623,760)	(2,687,465)
Total Other Financing Sources/(Uses)	<u>1,835,105</u>	<u>(1,995,605)</u>	<u>(314,550)</u>	<u>(475,050)</u>
Net Change in Fund Balance	<u>(17,327)</u>	<u>758,521</u>	<u>186,474</u>	<u>927,668</u>
Fund Balance at Beginning of Year	622,248	1,352,962	1,326,470	3,301,680
Restatement for Receivables	25,618	--	(84,089)	(58,471)
Fund Balance at Beginning of Year, Restated	<u>647,866</u>	<u>1,352,962</u>	<u>1,242,381</u>	<u>3,243,209</u>
Fund Balance at End of Year	<u>\$ 630,539</u>	<u>\$ 2,111,483</u>	<u>\$ 1,428,855</u>	<u>\$ 4,170,877</u>

The accompanying notes are an integral part of this statement.

Sumpter Township, Michigan
Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2005

Net Changes in Fund Balance - Total Governmental Funds	\$ 927,668
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(218,001)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(22,970)
Repayment of bond principal is a expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	174,527
Some expenses reported in the statement of activities, such as accrued interest payable, do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	2,257
Change in Net Assets of Governmental Activities	<u>\$ 863,481</u>

The accompanying notes are an integral part of this statement.

Sumpter Township, Michigan
Statement of Net Assets
Proprietary Fund
Water and Sewage Disposal System Fund
March 31, 2005

ASSETS

Current Assets:

Receiving Account:

Checking	\$ 1,503,108
Trust Account - Special Assessment	263,609
Receivables:	
Accounts	310,160
Special Assessments - Current	84,764
Due from Fire Fund	8,450
Due from General Debt Service Fund	7,410
Inventory	167,386
Prepaid Expense	272
Sub-Total	<u>2,345,159</u>

Restricted Assets:

Contract Payment Account:	
Checking	41,200
Water Revenue Bond - Bond and Interest Redemption Account:	
Trust Account	49,125
Sewer Revenue Bond - Bond and Interest Redemption Account:	
Trust Account	292,490
Due from Royalties Fund	101,000
Sewer Construction - Phase II:	
Trust Account	986,009
Sub Total	<u>1,469,824</u>
Total Current Assets	<u>3,814,983</u>

Noncurrent Assets:

Restricted Assets:

Contract Payment Account - Checking	678,416
Water Revenue Bond-Bond and Interest Redemption Account - Trust Account	16,772
Sewer Revenue Bond-Bond and Interest Redemption Account - Trust Account	101
Sewer Construction - Phase II - Trust Account	884,355
Non-Current Portion of Special Assessments Receivable	346,909
Deferred Charges	17,278
Total Noncurrent Assets	<u>1,943,831</u>
Property, Plant and Equipment	24,353,700
Less: Accumulated Depreciation	(7,907,428)
Construction in Progress	81,984
Total Property, Plant and Equipment	<u>16,528,256</u>
Total Assets	<u>22,287,070</u>

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 115,244
Retainage Payable	14,737
Maturing Special Assessment Bonds Payable	37,826
Accrued Interest Payable on Special Assessment Bonds	740
Due to General Fund	366,705
Due to Community Development Block Grant Fund	3,031
Due to Capital Project Fund	59,247
Customer Deposits	52,626
Salaries Payable	4,893
Deferred Revenue	26,161
Sub-Total	<u>681,210</u>

Payable from Restricted Assets:

Contract Payment Account:

Maturing Contracts Payable	35,000
Accrued Interest Payable on Contracts	6,188

Water Revenue Bond-Bond and Interest Redemption Account:

Maturing Revenue Bonds Payable	40,000
Accrued Interest on Revenue Bonds	9,125

Sewer Revenue Bond - Bond and Interest Redemption Account:

Accounts Payable	275,995
Retainage Payable	250,437
Maturing Bonds Payable	315,000
Accrued Interest Payable on Revenue Bonds	78,489
Due to General Fund	37,077
Deferred Revenue	422,500

Sub-Total	<u>1,469,811</u>
-----------	------------------

Total Current Liabilities	<u>2,151,021</u>
---------------------------	------------------

Long-Term Debt:

Water and Sewer Bonds and Contracts Payable (Net of Deferred Amount on Refunding)	6,661,706
Less: Amount Due Within One Year	<u>(427,826)</u>
Total Long-Term Debt	<u>6,233,880</u>
Total Liabilities	<u>8,384,901</u>

Net Assets:

Invested in Capital Assets, Net of Related Debt	10,038,650
Restricted for Debt Service	695,289
Restricted for Construction	884,355
Unrestricted	2,283,875
Total Net Assets	<u>\$ 13,902,169</u>

Sumpter Township, Michigan
Statement of Revenue, Expenses, and Changes in Net Assets
Proprietary Fund
Water and Sewage Disposal System Fund
For the Year Ended March 31, 2005

Operating Revenues:	
Water Sales	\$ 1,253,736
Sewage Disposal	154,677
Water Tap Fees	138,517
Sewer Connection Charges	288,680
Permits	680
Charges for Services	43,039
Hydrant Rental	9,243
Penalties	31,349
Total Operating Revenues	<u>1,919,921</u>
Operating Expenses (See Page 23)	<u>1,736,628</u>
Operating Income	<u>183,293</u>
Non-Operating Revenues/(Expenses):	
Interest Earned on Deposits	72,116
Delinquent Tax Collection	1,016
Interest on Delinquent Taxes	345
Interest Expense	(265,830)
Paying Agent Fees	(470)
Total Non-Operating Revenues/(Expenses)	<u>(192,823)</u>
Loss Before Transfers	(9,530)
Transfers from Royalties Fund	<u>475,050</u>
Change in Net Assets	<u>465,520</u>
Net Assets, Beginning of Year	11,060,884
Restatement for Contributed Capital	2,375,765
Net Assets, Beginning of Year - Restated	<u>13,436,649</u>
Net Assets, End of Year	<u>\$ 13,902,169</u>

The accompanying notes are an integral part of this statement.

Sumpter Township, Michigan
Schedule of Operating Expenses
Proprietary Fund
Water Supply and Sewage Disposal System Fund
For the Year Ended March 31, 2005

Operating Expenses:	
Water Purchased	\$ 445,970
Salaries and Wages	263,236
Fringe Benefits	94,568
Office Expense	4,911
Operating Supplies	8,787
Attorney Fees	58,516
Contracted Services	18,580
Accounting and Audit	24,495
Memberships and Dues	649
Administration Fee	120,000
Communications	4,125
Transportation	9,357
Insurance and Bonds	8,115
Utilities	8,182
Repairs and Maintenance of Water Lines	26,054
Equipment Repair and Maintenance	4,859
YCUA Rent	138,872
Training and Education	430
Other	53,266
Depreciation	443,656
	<hr/>
Total Operating Expenses	\$ 1,736,628

Sumpter Township, Michigan
Statement of Cash Flows
Proprietary Fund
Water Supply and Sewage Disposal System Fund
For the Year Ended March 31, 2005

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 2,247,021
Cash Payments to Suppliers for Goods and Services	(602,879)
Cash Payments to Employees for Services	(368,543)
Net Cash Provided by Operating Activities	<u>1,275,599</u>
Cash Flows from Noncapital Financing Activities:	
Operating Transfer In	<u>374,050</u>
Cash Flows from Capital and Related Financing Activities:	
Cash Collected from Tax Levy for Debt Payments	1,290
Acquisition and Construction of Capital Assets	(3,598,640)
Proceeds from Bonds	3,000,000
Principal Paid on Bonds and Contracts	(163,814)
Interest Paid on Bonds and Contracts	(196,707)
Fees Paid on Debt Payment	(470)
Net Cash (Used for) Capital and Related Financing Activities	<u>(958,341)</u>
Cash Flows from Investing Activities:	
Interest on Investments	<u>72,116</u>
Net Increase in Cash and Cash Equivalents	763,424
Cash and Cash Equivalents at Beginning of Year	3,951,761
Cash and Cash Equivalents at End of Year	<u>\$ 4,715,185</u>

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	\$ 183,293
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	443,656
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	16,720
(Increase) in Special Assessments Receivable	(118,580)
Decrease in Due from Other Funds	34,859
(Increase) in Inventory	(134,426)
(Increase) in Prepaid Expense	(272)
Increase in Accounts Payable	109,723
Increase in Retainage Payable	175,339
Increase in Due to Other Funds	152,690
(Decrease) in Salaries Payable	(10,739)
Increase in Customer Deposits	836
Increase in Deferred Revenue	422,500
Total Adjustments	<u>1,092,306</u>
Net Cash Provided by Operating Activities	<u>\$ 1,275,599</u>

The accompanying notes are an integral part of this statement.

Sumpter Township, Michigan
Statement of Fiduciary Net Assets
Fiduciary Funds
March 31, 2005

	Employee Pension Fund	Agency Funds
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 895,534	\$ 3,402,680
Accounts Receivable	3,439	24,230
Due from Other Funds	--	4
Prepaid Items	--	1,036
	<hr/>	<hr/>
Total Assets	898,973	\$ 3,427,950
	<hr/>	<hr/>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts Payable	--	\$ 56,003
Due to Other Funds	--	4
Due to Other Governmental Units	--	3,366,838
Salaries Payable	--	2,461
Pension Payable	--	2,614
Deferred Revenue	--	30
	<hr/>	<hr/>
Total Liabilities	--	\$ 3,427,950
	<hr/>	<hr/>
Net Assets		
Restricted for:		
Employee Contributions	382,254	
Employer Contributions	516,719	
	<hr/>	
Net Assets held in trust for Pension		
Benefits	\$ 898,973	
	<hr/>	

The accompanying notes are an integral part of this statement.

Sumpter Township, Michigan
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended March 31, 2005

	Employee Pension <u>Fund</u>
Additions:	
Contributions:	
Employer	\$ 59,871
Employee	59,879
Investment Income	28,048
Total Revenues	<u>147,798</u>
Deductions:	
Benefit Payments	29,868
Refunds:	
Contributions by Employees	<u>6,897</u>
Total Expenses	<u>36,765</u>
Net Increase	111,033
Net Assets at Beginning of Year	<u>787,940</u>
Net Assets at End of Year	<u><u>\$ 898,973</u></u>

The accompanying notes are an integral part of this statement.

**NOTES TO BASIC
FINANCIAL STATEMENTS**

SUMPTER TOWNSHIP, MICHIGAN
NOTES TO BASIC FINANCIAL STATEMENTS

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- H. Restatement of Fund Balance

Note 1. Summary of Significant Accounting Policies

The financial statements of Sumpter Township have been prepared with generally accepted accounting principles (GAAP) as applied to government units. The more significant of the government's policies are described below. The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

In June 1999, the Government Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Effective April 1, 2004, the Township implemented the Provision of GASB No. 34. Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

For the first time the financial statements include:

A Management discussion and analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all of the Township's activities, including infrastructure (roads etc.).

A change in the fund financial statements to focus on the major funds.

Capital assets in the governmental activities columns of the statement of net assets include assets totaling \$7,495,362 which were previously reported in the General Fixed Assets Account Group at March 31, 2004. These capital assets were adjusted by \$(319,418) at April 1, 2004, to properly reflect the historical cost of the Township's capital assets at that time. In addition, the governmental activities column reflects bonds and other long-term obligations totaling \$1,162,264 at March 31, 2004, which were previously reported in the General Long-Term Debt Account Group.

These and other changes are reflected in the accompanying financial statements, including notes to financial statements.

1.A. The Financial Reporting Entity

Sumpter Township is a general law Township governed by an elected seven member board.

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14, "The Financial Reporting Entity", the financial statements of Sumpter Township contain all the Township funds of the primary government and authorities for which the Township is financially accountable and the nature and significance of their relationship with the Township are such that exclusions would cause the Township's financial statements to be misleading or incomplete. Financial accountability exists if the Township appoints a voting majority of an organization's governing board, is either able to impose its will on another organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on the Township, or if an organization is fiscally dependent on the Township.

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 1. Summary of Significant Accounting Policies - (continued)

1.A. The Financial Reporting Entity - (Continued)

Based on the foregoing criteria, no other organizations exist that are included in or excluded from the Township's annual report.

1.B. Basis of Presentation

Basic Financial Statements-Government-Wide Statements

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Township's general government, public safety, public works, sanitation, recreation and culture, and other functions are classified as governmental activities. The Township's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on the consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions (General Government, Public Safety, etc.) and the business-type activity. The functions are also supported by general government revenues (property taxes, certain governmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (General Government, Public Safety, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The Township does not allocate indirect costs. An administrative service fee is charged by the General Fund to the Water and Sewer Fund to recover the direct costs of General Fund services provided (finance, personnel, legal, technology management, etc.). This is eliminated like a reimbursement (reducing the revenue and expense in the General Fund).

The government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities.

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 1. Summary of Significant Accounting Policies - (continued)

1.B. Basis of Presentation - (continued)

Basic Financial Statements - Fund Financial Statements

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements as follows:

(1) Governmental Funds:

The focus of governmental fund measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Township:

- a. **General fund** is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. **Debt service fund** is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
- d. **Capital project fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

(2) Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Township:

- a. The **Enterprise fund** is required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues or (b) establishes fees and charges based on a pricing policy designed to recover similar costs.

(3) Fiduciary Funds (Not included in government-wide statements):

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore, are not available to support Township programs. The reporting focus is on net assets and changes in net assets which are reported using accounting principles similar to proprietary funds.

- a. Employee pension fund is used to account for a single-employer defined contribution plan for all full-time employees except for police personnel.
- b. Current tax fund is used to collect property taxes and distribute the monies to the proper entity levying the tax.
- c. Central Dispatch Network fund is used to account for activities related to a joint venture described in Note 4.F.

Note 1. Summary of Significant Accounting Policies - (continued)

1.B. Basis of Presentation - (continued)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Township reports the General Fund, Royalties Fund and Water and Sewage Disposal System Fund as major funds. The Royalties Fund is used to account for landfill royalty revenue collected and transferred to other funds for use in operations. The Water and Sewage Disposal System Fund is an enterprise fund used to account for water supply and sewage disposal to residents.

The Township's fiduciary funds are presented in the fiduciary fund financial statements by type (pension fund and agency funds). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

1.C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

(1) Measurement Focus

On the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item (b) below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- (a) All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues, and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.
- (b) The proprietary fund and the pension trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Assets. Proprietary fund equity is classified as net assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 1. Summary of Significant Accounting Policies - (continued)

1.C. Measurement Focus and Basis of Accounting - (continued)

(2) Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

(a) Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred

(b) Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions in such method from the modified accrual basis are as follows:

- a. Interest income on special assessments receivable is not accrued until its due date.
- b. Interest on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.

1.D. Assets, Liabilities and Equity

Cash and Investments

For the purpose of the Statement of Net Assets, cash and cash equivalents include amounts on deposit as well as short-term investments with original maturities of three months or less from the date of acquisition.

For purposes of the Statement of Cash Flows, the proprietary fund considers all highly liquid investments (including restricted assets) with original maturities of three months or less from the date of acquisition that can be readily converted to cash to be cash equivalents.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Managed funds are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities. Cash deposits are reported at carrying amount which reasonably estimates fair value. Additional cash and investment information, and fair values are presented in Note 3.A.

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 1. Summary of Significant Accounting Policies - (continued)

1.D. Assets, Liabilities and Equity - (continued)

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". See Note 3.G. for details of interfund transactions, including receivables and payables at year end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, state shared revenues, and royalty revenue. Business-type activities report utilities earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest earnings are recorded when earned if paid within 60 days since they would be considered both measurable and available

Proprietary fund material receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. Allowance for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond March 31, 2005, are recorded as prepaid items.

Restricted Assets

Certain resources set aside for the repayment of enterprise fund revenue bonds and contracts are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable bond covenants. The contract payment account is used for the payment of the contract with the Canton, Van Buren and Sumpter Water and Sewage Disposal Authority.

The Water Revenue Bond and Sewer Revenue Bond - Bond and interest redemption accounts are used to record resources set aside as required by the water and sewer bond ordinances.

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 1. Summary of Significant Accounting Policies - (continued)

1.D. Assets, Liabilities and Equity - (continued)

Capital Assets

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. Capital assets are defined as assets with an initial individual cost of more than \$1,500 and an estimated useful life in excess of one year.

Government-Wide Statements

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e. roads) are reported in the applicable governmental or business-type activities' columns in the government-wide financial statements. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Prior to April 1, 2004, governmental funds' assets were not capitalized. These assets (back to April 1, 1980) have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25-40	years
Improvements	20-25	years
Machinery and Equipment	5-20	years
Utility System	50	years
Infrastructure	25	years

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-Term Debt

The accounting treatment of long-term debt, which consists primarily of bonds payable, and the capital lease payable depends on whether the obligation is incurred in governmental fund operations or proprietary fund operations and whether it is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities on the Statement of Net Assets in the government-wide financial statements.

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 1. Summary of Significant Accounting Policies - (continued)

1.D. Assets, Liabilities and Equity - (continued)

Long-Term Debt - (continued)

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide financial statements.

Compensated Absences

Current employee contracts mandate payment of all unused sick time and vacation time at March 31, therefore, no accrued compensated absences are reported.

Fund Equity - Restatements

Fund equity at the beginning of the year in the General Fund has been restated to properly reflect accounts receivable.

Fund equity as of the beginning of the year in the General Fund, Fire Fund, Police Fund and Library Fund has been restated to properly reflect delinquent real property tax receivables that were not received within 60 days of the March 31, 2004 year end.

	Fund Balance at Beginning of Year as Previously Reported	Restatement for adjustment to Accounts Receivable	Restatement for Delinquent Taxes Receivable	Fund Balance at Beginning of Year Restated
General Fund	\$ 622,248	\$ 45,797	\$ (20,179)	\$ 647,866
Special Revenue Funds				
Fire Fund	479,584	--	(22,697)	456,887
Police Fund	570,075	--	(45,511)	524,564
Library Fund	150,938	--	(15,881)	135,057
Total Special Revenue Funds				
Restatement	1,200,597	--	(84,089)	1,116,508
Total Governmental Funds Restatement	\$ 1,822,845	\$ 45,797	\$ (104,268)	\$ 1,764,374

1.E. Revenues, Expenditures and Expenses

Property Taxes

Property taxes are levied each July 1 (100% State Education Tax) and December 1 (township, county, and all other school taxes), and payable on or before September 15 and February 28 respectively, without penalty. These taxes become liens against the property on the date levied. After February 28, all taxes are declared delinquent, with the Township continuing to collect personal property taxes. Real property taxes are turned over to the County Treasurer who assumes responsibility for their collection and immediately, upon settlement, reimburses the Township from the County revolving tax fund. The Township collects its own property tax and

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 1. Summary of Significant Accounting Policies - (continued)

1.E. Revenues, Expenditures and Expenses - (continued)

also taxes for other entities including the County and school districts which are within the Township. Collections and remittances of the taxes to those entities are accounted for in the current and delinquent tax collection funds.

Sumpter Township tax levy for the 2004 tax roll was:

General Fund	0.81070 mills
Public Safety	1.82830 mills
Fire Operations	0.91180 mills
Library Operations	0.63800 mills
Total	<u>4.18880 mills</u>

The Township tax revenues are recognized when levied to the extent that they result in current receivables.

Program Revenues

Program revenues reported within the Statement of Activities include license and fees, ordinance fines and costs, bond forfeitures and other court costs, building, electrical and other permits, state shared revenue, state and federal grants, recreation rentals and fees, and 911 service fees.

Operating Revenues and Expenses

Operating revenues and expenses for the proprietary funds are those that result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The Township also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:

Current (further classified by functions)
Debt Service

Proprietary Fund - By Operating and Nonoperating

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 1. Summary of Significant Accounting Policies - (continued)

1.E. Revenues, Expenditures and Expenses - (continued)

In the fund financial statements, governmental funds report expenditures of financial resources and proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Page 17 includes a reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds". The details of this difference are as follows:

Bonds Payable	\$ 932,899
Accrued Interest Payable	17,193
Capital Lease Payable	54,839
Net Adjustment	<u>\$ 1,004,931</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital Outlay	\$ 36,216
Depreciation	(254,217)
Net Adjustment	<u>\$ (218,001)</u>

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 3. Detail Notes on Transaction Classes / Accounts

3.A. Cash and Investments

For additional descriptive information, see Note 1.D.

Deposits and Investments

The Township's policies regarding deposits of cash are discussed in Note 1.D. The table presented below is designed to disclose the level of custody credit risk assumed by the Township based upon how its deposits were insured or secured with collateral at March 31, 2005. The categories of credit risk are defined as follows:

Category 1 - Insured by FDIC or collateralized with securities held by the Township or by its agent in its name.

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.

Category 3 - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Township's name; or collateralized with no written or approved collateral agreement.

Deposits

<u>Type of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand Deposits	\$ 9,086,320	\$ 100,000	\$ —	\$ 8,986,320	\$ 9,090,269

Investments

At March 31, 2005, the Township's investment balances were as follows:

	<u>Fair Value</u>
Investment not Subject to Categorization Mutual Funds	\$ 3,688,302

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.A. Cash and Investments - (continued)

A reconciliation of cash and investments as shown on the Statement of Net Assets follows:

Cash on Hand	\$ 402
Carrying Amount of Deposits	9,090,269
Carrying Amount of Investments	3,688,302
Total	<u>\$ 12,778,973</u>

Government-wide Statement of Net Assets:

Current Assets:	
Cash and Cash Equivalents - Unrestricted	\$ 5,532,291
Cash and Cash Equivalents - Restricted	1,368,824
Noncurrent Assets:	
Cash and Cash Equivalents - Restricted	1,579,644
Fiduciary Funds (Not Included in Government-wide Statement)	4,298,214
Total	<u>\$ 12,778,973</u>

There are higher cash flows at certain times during the year due to the sale of Sewer General Obligation Bonds. As a result, the amounts that were in Mutual Funds at those times were substantially higher than at year end.

3.B. Accounts Receivable and Accounts Payable

Accounts Receivable

Accounts receivable of the governmental activities as of year end for the Township's individual major and non-major funds including the applicable allowance for uncollectible accounts, are listed below.

	General Fund	Royalties Fund	Nonmajor and Other Governmental Funds	Total
Receivables				
Taxes	\$ 26,968	\$ --	\$ 120,189	\$ 147,157
Accounts	341,293	203,507	4,333	549,133
Special Assessments	--	--	31,443	31,443
Intergovernmental	--	--	137,715	137,715
Gross Receivables	<u>368,261</u>	<u>203,507</u>	<u>293,680</u>	<u>865,448</u>
Less: Allowances for Uncollectibles	<u>(2,125)</u>	<u>--</u>	<u>(8,838)</u>	<u>(10,963)</u>
Net Accounts Receivable Governmental Activities	<u>\$ 366,136</u>	<u>\$ 203,507</u>	<u>\$ 284,842</u>	<u>\$ 854,485</u>

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.B. Accounts Receivable and Accounts Payable - (continued)

Accounts receivable of the business-type activities consists of:

	<u>Water and Sewer Fund</u>
Customer Accounts	\$ 278,344
Assessments - Current	84,764
Other	31,816
Gross Receivables	<u>\$ 394,924</u>

No allowance for doubtful customer accounts has been recorded because unpaid balances are applied to the tax roll each year.

Accounts payable of the governmental activities as of year end for the Township's individual major funds and non-major funds are as follows:

	<u>General Fund</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total</u>
Accounts Payable to Vendors	\$ 185,519	\$ 85,218	\$ 270,737
Accrued Salaries and Benefits	--	--	--
Accrued Compensated Absences	60,432	9,226	69,658
	<u>\$ 245,951</u>	<u>\$ 94,444</u>	<u>\$ 340,395</u>

Accounts payable of the business-type activities consists of:

	<u>Water and Sewer Fund</u>
Accounts Payable to Vendors	\$ 302,702
Due to Other Governmental Units	88,537
Retainage Payable	265,174
Customer Deposits	52,626
Accrued Salaries and Benefits	4,893
	<u>\$ 713,932</u>

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.C. Capital Assets

Capital asset activity for the year ended March 31, 2005, was as follows:

	Balance April 1, 2004	Additions	Disposals	Balance March 31, 2005
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 77,988	\$ --	\$ --	\$ 77,988
Capital Assets Being Depreciated				
Buildings	3,540,144	3,572	--	3,543,716
Improvements	239,973	--	--	239,973
Machinery & Equipment	2,967,860	32,644	--	3,000,504
Infrastructure	349,979	--	--	349,979
Total Capital Assets Being Depreciated	7,097,956	36,216	--	7,134,172
Less Accumulated Depreciation:				
Buildings	(841,549)	(79,694)	--	(921,243)
Improvements	(112,860)	(9,572)	--	(122,432)
Machinery & Equipment	(1,401,559)	(150,952)	--	(1,552,511)
Infrastructure	(42,111)	(13,999)	--	(56,110)
Total Accumulated Depreciation	(2,398,079)	(254,217)	--	(2,652,296)
Total Capital Assets Being Depreciated, Net	4,699,877	(218,001)	--	4,481,876
Total Governmental Activities Capital Assets, Net	<u>\$ 4,777,865</u>	<u>\$ (218,001)</u>	<u>\$ --</u>	<u>\$ 4,559,864</u>
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 73,368	\$ 19,000	\$ --	\$ 92,368
Construction in Progress	2,172,085	81,984	(2,172,085)	81,984
Total Capital Assets Not Being Depreciated	2,245,453	100,984	(2,172,085)	174,352
Capital Assets Being Depreciated:				
Buildings	139,322	--	--	139,322
Water Mains	12,249,083	4,659	--	12,253,742
Sewer Lines	3,826,851	5,576,957	--	9,403,808
Meters	409,328	20,987	--	430,315
Connections	1,740,963	67,139	--	1,808,102
Equipment	316,103	--	(90,060)	226,043
Total Capital Assets Being Depreciated	18,681,650	5,669,742	(90,060)	24,261,332
Less Accumulated Depreciation:				
Buildings	(94,739)	(5,573)	--	(100,312)
Water Mains	(5,816,692)	(245,028)	--	(6,061,720)
Sewer Lines	(725,031)	(132,207)	--	(857,238)
Meters	(121,295)	(8,396)	--	(129,691)
Connections	(514,213)	(35,490)	--	(549,703)
Equipment	(281,862)	(16,962)	90,060	(208,764)
Total Accumulated Depreciation	(7,553,832)	(443,656)	90,060	(7,907,428)
Business-type Capital Assets, Net	<u>\$ 13,373,271</u>	<u>\$ 5,327,070</u>	<u>\$ (2,172,085)</u>	<u>\$ 16,528,256</u>

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.C. Capital Assets - (continued)

Depreciation expense was charged to functions/programs of the Township as follows:

Governmental Activities:	
General Government	\$ 50,618
Public Safety	157,150
Public Services	7,978
Highway and Streets	13,999
Recreation and Culture	24,472
Total Depreciation Expense	<u>\$ 254,217</u>
Business-type Activities:	
Water and Sewer	<u>\$ 443,656</u>

3.D. Capital Leases

The Township has entered into a lease agreement as lessee for financing the acquisition of four police vehicles plus equipment. The lease agreement qualifies as a capital lease for accounting purposes and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired are as follows:

Four Police Vehicles Plus Equipment	<u>\$ 164,635</u>
-------------------------------------	-------------------

The future minimum lease obligations and the net present value of these minimum lease payments as of March 31, 2005, are as follows:

Year Ending March 31, 2006	\$ 57,444
Less Amount Representing Interest	(2,605)
Present Value of Minimum Lease Payments	<u>\$ 54,839</u>

3.E. Long-Term Debt

General Obligation Bonds

The Township issued general obligation bonds to provide for the construction of the fire hall, as approved by voters. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 15 year serial bonds.

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.E. Long-Term Debt

Special Assessment Debt with Governmental Commitment

Special assessment bonds and related interest costs are payable solely from assessments and interest collected from the property owners who benefit from respective improvements. The Township has a liability for payment of the bonds should the assessments be insufficient to cover bond principal and interest.

Contracts and Revenue Bonds

The Township has entered into contracts with Wayne County and with the Canton, Van Buren and Sumpter Water and Sewage Disposal Authority for water main construction. Also, revenue bonds have been issued for water main and sewer line construction. These contracts and bonds are reported in the enterprise fund.

Bonds and contracts currently outstanding are:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Governmental Activities:		
Public Safety	5.00 - 5.55%	\$ 715,000
Highway and Streets	5.00 - 5.20%	217,899
		<u>932,899</u>
Business Type Activities:		
Proprietary - Water & Sewer System	2.00-5.25%	6,802,101
		<u>\$ 7,735,000</u>

Annual debt service requirements to maturity for long-term bonds and contracts including interest of \$2,694,282, are as follows:

<u>Fiscal Year Ending March 31,</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
2006	\$ 174,128	\$ 686,330	\$ 860,458
2007	172,599	684,338	856,937
2008	170,726	687,147	857,873
2009	171,969	685,698	857,667
2010	174,020	656,153	830,173
2011-2015	248,152	3,178,842	3,426,994
2016-2020	--	1,552,405	1,552,405
2021-2024	--	1,186,775	1,186,775
	<u>\$ 1,111,594</u>	<u>\$ 9,317,688</u>	<u>\$ 10,429,282</u>

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.E. Long-Term Debt - (continued)

The Township's bonds and contracts are separated between the amounts to be repaid from governmental activities and amounts to be repaid from business type activities as follows:

Governmental Activities:

As of March 31, 2005, the governmental debt of the financial reporting entity consists of the following:

	<u>Current Portion</u>	<u>Long-Term Debt</u>
<u>General Obligation Bonds:</u>		
\$1,200,000 Wayne County Public Safety Facility Bonds dated September 1, 1996 for the Fire hall Building. Interest rate from 5.00% to 5.55% with final maturity on May 1, 2011.	\$ 85,000	\$ 630,000
<u>Special Assessment Debt with Government Commitment:</u>		
\$400,653 Wayne County Special Assessment Bonds dated October 1, 2000 for Elwell and Bernis Road paving. Interest rate of from 5.00 to 5.20% with final maturity on March 1, 2010.	<u>42,174</u>	<u>175,725</u>
Total Governmental Activities Long Term Debt	<u>\$ 127,174</u>	<u>\$ 805,725</u>

Business-Type Activities:

As of March 31, 2005, the debt payable from the proprietary fund resources consisted of the following:

	<u>Current Portion</u>	<u>Long-Term Debt</u>
<u>General Obligation Bonds and Contracts:</u>		
\$1,000,000, Canton, Van Buren and Sumpter Water and Sewage Disposal contract dated December 8, 1978 for water line construction. Interest rate of 5.00% with final maturity on January 1, 2018	\$ 35,000	\$ 460,000
\$1,000,000 water revenue bonds dated June 23, 1978 for water main construction. Interest rate at 5.00% with final maturity on January 1, 2017.	35,000	495,000
\$250,000 water revenue bonds dated December 8, 1978 for the water main construction. Interest rate at 5.00% with final maturity on January 1, 2018.	5,000	195,000

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.E. Long-Term Debt - (continued)

	<u>Current Portion</u>	<u>Long-Term Debt</u>
\$2,405,000 Water Supply and Sewage Disposal System Revenue Refunding Bonds, series 2004 dated February 18, 2004, for sewer line construction. Interest rate at from 2.00% to 3.625% with final maturity on November 11, 2014.	215,000	2,190,000
\$3,000,000, 2004 Capital Improvement Sewer General Obligation Bonds dated May 13, 2004 for sewer line construction. Interest rate at from 2.00% to 5.00% with final maturity on November 1, 2024.	100,000	2,900,000
Special Assessment Debt with Government Commitment \$170,000 Wayne County Special Assessment Bonds for Executive Drive dated October 1, 1999. Interest rate at 5.25% with final maturity on March 1, 2009.	20,000	60,000
\$169,347 Wayne County Special Assessment Bonds for Carleton West Road water main dated October 1, 2000. Interest rate at from 5.00% to 5.20% with final maturity on March 1, 2010.	<u>17,826</u>	<u>74,275</u>
Total Business-Type Activities Long Term Debt	<u>\$ 427,826</u>	<u>\$ 6,374,275</u>

The following is a summary of changes in long-term debt for the year ended March 31, 2005.

	<u>Balance April 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2005</u>	<u>Amount Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 795,000	\$ --	\$ 80,000	\$ 715,000	\$ 85,000
Special Assessment Bonds	260,073	--	42,174	217,899	42,174
Capital Leases	107,191	--	52,352	54,839	54,839
Total Governmental Activities	<u>1,162,264</u>	<u>--</u>	<u>174,526</u>	<u>987,738</u>	<u>182,013</u>
Business-Type Activities:					
Contracts	590,000	--	95,000	495,000	35,000
Water and Sewer Revenue Bonds	3,175,000	--	40,000	3,135,000	255,000
General Obligation Bonds	--	3,000,000	--	3,000,000	100,000
Special Assessment Bonds	209,927	--	37,826	172,101	37,826
	<u>3,974,927</u>	<u>3,000,000</u>	<u>172,826</u>	<u>6,802,101</u>	<u>427,826</u>
Less Deferred Interest on Refunding	(155,995)	--	(15,600)	(140,395)	(15,600)
Total Business Type Activities	<u>\$ 3,818,932</u>	<u>\$ 3,000,000</u>	<u>\$ 157,226</u>	<u>\$ 6,661,706</u>	<u>\$ 412,226</u>

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.E. Long-Term Debt - (continued)

Debt service requirements at March 31, 2005 are as follows:

Year Ended March 31,	Governmental Activities					
	General Obligation Bonds		Special Assessment Bonds		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 85,000	35,880	42,174	11,074	54,839	2,605
2007	90,000	31,460	42,174	8,965	--	--
2008	95,000	26,695	42,174	6,857	--	--
2009	100,000	21,575	45,688	4,706	--	--
2010	110,000	15,955	45,689	2,376	--	--
2011-2015	235,000	13,152	--	--	--	--
Total Governmental Activities	<u>\$ 715,000</u>	<u>144,717</u>	<u>217,899</u>	<u>33,978</u>	<u>54,839</u>	<u>2,605</u>

Year Ended March 31,	Business-Type Activities							
	Contract		Revenue Bonds		General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 35,000	24,750	255,000	103,150	100,000	121,723	37,826	8,881
2007	35,000	23,000	260,000	96,850	105,000	119,722	37,826	6,940
2008	35,000	21,250	270,000	90,450	110,000	117,623	37,826	4,998
2009	35,000	19,500	280,000	83,700	110,000	115,147	39,312	3,039
2010	35,000	17,750	285,000	75,910	110,000	112,178	19,311	1,004
2011-2015	200,000	60,000	1,580,000	230,850	605,000	502,992	--	--
2016-2020	120,000	12,000	205,000	21,000	830,000	364,405	--	--
2021-2025	--	--	--	--	1,030,000	156,775	--	--
	<u>\$ 495,000</u>	<u>178,250</u>	<u>3,135,000</u>	<u>701,910</u>	<u>3,000,000</u>	<u>1,610,565</u>	<u>172,101</u>	<u>24,862</u>

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.F. Interfund Transactions and Balances

Transfers

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund		
Royalties Fund	\$ 1,400,000	\$ --
Nonmajor Governmental	503,205	68,100
Total General Fund	<u>1,903,205</u>	<u>68,100</u>
Royalties Fund		
General Fund	--	1,400,000
Nonmajor Governmental	--	120,555
Water and Sewer Fund	--	475,050
	<u>--</u>	<u>1,995,605</u>
Water and Sewer Fund		
Royalties Fund	475,050	--
Nonmajor Governmental Fund		
General Fund	68,100	503,205
Royalties Fund	120,555	--
Nonmajor Governmental Fund	120,555	120,555
	<u>309,210</u>	<u>623,760</u>
Total	<u>\$ 2,687,465</u>	<u>\$ 2,687,465</u>

An explanation of the significant interfund transactions follows.

The royalties fund transferred \$1,400,000 to the general fund to cover general government costs, \$475,050 to the water and sewer fund to cover sewer bond principal and interest and \$120,555 to the fire fund to cover bond principal and interest on the fire hall bonds.

The police fund transferred \$420,000 to the general fund to help cover operating expenditures of the Police Department.

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 3. Detail Notes on Transaction Classes / Accounts - (continued)

3.G. Interfund Assets/Liabilities

The composition of interfund balances in the fund financial statements as of March 31, 2005, is as follows:

Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water and Sewer Fund	\$ 403,782
	Non Major Governmental	687,758
Royalties Fund	General Fund	2,008,976
Water and Sewer Fund	Royalties Fund	101,000
	Non Major Governmental Fund	15,860
Non Major Governmental Fund	General Fund	1,967
	Water and Sewer Fund	62,278
		<u>\$ 3,281,621</u>

Due to/from other funds are related to payments in transit for goods and services provided through other funds.

3.H. Restricted Net Assets

In the government-wide financial statements, the restricted net assets - other purposes on the Statement of Net Assets is as follows:

Governmental Activities:	
METRO Act	<u>\$ 7,358</u>

Reserved fund balances in the fund financial statements - governmental funds are reserved for the following:

Reserve for:	Prepaid Items	\$ 12,232
	METRO Act	7,358
	Fire Operations	502,970
	Fire Hall Debt Retirement	65,043
	Police Operations	600,519
	Library Operations	160,024
	Debt Service	61,988
	Road Construction	59,247
		<u>\$ 1,469,381</u>

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 4. Other Notes

4.A. Contract Commitments

The Township has entered into contracts for the construction of Phase II sewers as follows:

	<u>Contract</u>	<u>Expended To Date</u>	<u>Remaining Commitment</u>
Sewer Base Route	\$ 2,353,486	\$ 1,927,087	\$ 426,399
Sewer Base Route Laterals A-D	<u>2,755,248</u>	<u>1,729,054</u>	<u>1,026,194</u>
Total	<u>\$ 5,108,734</u>	<u>\$ 3,656,141</u>	<u>\$ 1,452,593</u>

4.B. Insurance Coverage

The Township is a member of the Michigan Township Participating Plan, an insurance purchasing pool, and purchases the following types of insurance through this pool:

- Property
- General Liability
- Public Officials Errors and Omissions
- Law Enforcement Professional Liability
- Excess Liability Protection
- Comprehensive Dishonesty, Disappearance and Destruction Liability Policy

Workers Compensation Insurance is purchased through the Accident Fund.

Police and Fire employees are covered with accidental death and dismemberment indemnity through the Provident Life.

The employee blanket insurance and public officials bonds policies are held with The Hartford Fire Insurance Company.

An inland marine policy is purchased through St. Paul Insurance.

4.C. Proprietary Fund - Water Supply and Sewage Disposal System - Restatement of Contributed Capital

The fund financial statement of the Water Supply and Sewage Disposal System Fund - Statement of revenue, expenses and changes in net assets - reports a restatement of net assets as of the beginning of year for the previously reported contributed capital accounts.

Note 4. Other Notes

4.D. Deferred Compensation Plan

The Township offers its employees a deferred compensation plan created in accordance with I.R.C. Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or an unforeseeable emergency.

A second deferred compensation plan was created in accordance with I.R.C. Section 457 to meet the requirements of the Omnibus Budget Reconciliation Act of 1990 (OBRA). This deferred compensation plan is mandatory for all employees not included in the Social Security System. Employees must contribute a minimum of 6% of their wages to the plan and the Township contributes 1.5%.

Investments are managed by the plan's trustee under one of several investment options, or a combination thereof, according to the plan documents. The choice of the investment option(s) is made by the participant.

Under the Small Business Job Protection Act of 1996, plan assets are held in trust for the exclusive benefit of plan participants. Therefore, deferred compensation plan assets are excluded from this report.

4.E. Contingent Liabilities - Lawsuits

The Township is involved in various litigations primarily arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Township Attorney, the resolution of these matters will not have a materially adverse effect on the financial condition of the Township.

4.F. Joint Venture

The Township is a member of Central Dispatch Network, a joint venture with the City of Belleville for emergency communication services. The Township appoints two of four members to the joint venture's governing board, which then approves the annual budget. The operating and capital budgets are funded by equal contributions from each government. Sumpter's contribution is reported as an expenditure within the General Fund. Each government's share of assets, liabilities and fund equity is 50%. The agreement for participation states that upon dissolution, the remaining fund equity will be distributed equally between the two communities, therefore an equity interest exists. The Township's share of equity interest as of March 31, 2005, is \$83. Capital assets are owned jointly by the City of Belleville and the Township. 50% of the historical cost of the capital assets is \$89,783.

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 4. Other Notes - (continued)

4.F. Joint Venture - (continued)

Separate financial statements of the joint venture described above are available at the Township Clerk's office.

4.G. Employee Pension Plans

1. Defined Contribution Plan

The Township administers a single-employer defined contribution plan, Sumpter Township EE Money Purchase Plan, through ING. Plan provisions and requirements are established and amended by Township board resolution. Current provisions allow that all employees, excluding elected officials who have attained twenty and one-half (20 1/2) years of age and have worked at least six months for the Township are eligible. Plan members and the Township are each required to make contributions of 8% of covered payroll.

For the fiscal year ended March 31, 2005, the required contributions, reported through the Employee Pension Fund, were made to the plan as follows:

Employer Contributions	\$ 59,871
Employee Contributions	<u>59,879</u>
Total Contributions	<u>\$ 119,750</u>

2. Defined Benefit Plan

Plan Description - The Township participates in a multiple-employer defined benefit plan for the police administered through the Municipal Employees Retirement System (MERS) of Michigan, created for municipal employees by the State of Michigan Act 427 of 1984. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefit provisions resides with the Township Board through negotiations with the Police. MERS issues a publicly available financial report as of December 31, each year for each employer participating in the plan. This report may be obtained by writing to Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, MI 48197 or calling 1-800-767-6377.

Sumpter Township, Michigan
Notes to Financial Statements
March 31, 2005
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Note 4. Other Notes - (continued)

4.G. Employee Pension Plans - (continued)

2. Defined Benefit Plan - (continued)

Funding Policy - No plan members in administrative positions were included in plan contributions during the plan year. Other plan members must contribute 8.31% of their annual covered salary. The Township is required to contribute at an actuarially determined rate; the current rate is 39.04% of the annual covered payroll for administrative members and 8.19% for all others. The contribution requirements of the plan members and the Township are established and amended by the MERS Board of Trustees based on the benefits package provided through Township Board approval of the police contract.

Annual Pension Cost - For fiscal year end March 31, 2005, the Township's annual pension cost of \$95,076 was equal to the Township's required contributions. Actual contributions made amounted to \$94,516. The required contribution was determined as part of the December 31, 2002, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8% investment rate or return (net of expense), (b) projected salary increases at 4.5% per year, (c) 4.5% rate of inflation, and (d) 2.5% cost of living benefit increases.

The actuarial value of assets is determined on the basis of a valuation method that assumes the fund earns the expected rate of return (8%), and includes an adjustment to reflect market value. The plan's unfunded actuarial accrued liability is being amortized as a level percent of payroll contributions calculated to be 5.3632% at December 31, 2004. The remaining amortization period is 30 years.

Three-Year Trend Information:

Plan Fiscal Year Ended	Annual Pension Cost (APC)	Percentage Contributed	Net Pension Obligation (NPO)
December 31, 2004	\$ 106,752	*	\$ *
December 31, 2003	\$ 100,440	*	\$ *
December 31, 2002	\$ 95,076	99.41%	\$ 560

* This represents required contributions for the fiscal years April 1, 2005 to March 31, 2006 and April 1, 2006 to March 31, 2007.

4.H. Restatement of Fund Balance

The Township General Fund had prior fiscal year revenue that was both measurable and available as of the date of the financial statements, and therefore, should have been reported as accounts receivable at March 31, 2004. Conversely, the township reported the 2003 delinquent tax roll as receivable at March 31, 2004, within the General Fund and Special Revenue Funds. The tax roll settlement from the County was not received within sixty days after year end, and therefore, was not "available" and should not have been reported as current year revenue.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Sumpter Township, Michigan
Schedule of Funding Progress
for Defined Employee Benefit Pension Plan
March 31, 2005

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2004	\$ 1,054,916	\$ 2,501,667	\$ 1,446,751	42.2%	\$ 778,918	185.7%
December 31, 2003	913,783	2,299,966	1,386,183	39.7%	793,378	174.7%
December 31, 2002	767,980	2,026,066	1,258,086	37.9%	739,547	170.1%

Sumpter Township, Michigan
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended March 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 277,936	\$ 277,936	\$ 335,241	\$ 57,305
Licenses and Permits	189,200	189,200	163,611	(25,589)
Intergovernmental	983,850	983,850	977,869	(5,981)
Charges for Services	106,200	106,200	125,173	18,973
Fines and Forfeits	20,500	20,500	25,656	5,156
Interest, Rents, and Royalties	39,150	39,150	44,344	5,194
Miscellaneous	308,000	308,000	287,376	(20,624)
Total Revenues	<u>1,924,836</u>	<u>1,924,836</u>	<u>1,959,270</u>	<u>34,434</u>
Expenditures:				
General Government	1,260,801	1,260,801	1,169,837	90,964
Public Safety	1,996,330	1,996,330	2,139,115	(142,785)
Public Works	35,680	35,680	79,667	(43,987)
Sanitation	150,500	150,500	135,323	15,177
Recreation and Culture	203,680	203,680	213,951	(10,271)
Other	68,850	68,850	73,809	(4,959)
Total Expenditures	<u>3,715,841</u>	<u>3,715,841</u>	<u>3,811,702</u>	<u>(95,861)</u>
Excess of Revenues Under Expenditures	<u>(1,791,005)</u>	<u>(1,791,005)</u>	<u>(1,852,432)</u>	<u>(61,427)</u>
Other Financing Sources/(Uses):				
Transfers In	1,871,550	1,871,550	1,903,205	31,655
Transfers Out	(68,100)	(68,100)	(68,100)	--
Total Other Financing Sources/(Uses)	<u>1,803,450</u>	<u>1,803,450</u>	<u>1,835,105</u>	<u>31,655</u>
Net Change in Fund Balance	<u>12,445</u>	<u>12,445</u>	<u>(17,327)</u>	<u>(29,772)</u>
Fund Balance at Beginning of Year	622,248	622,248	622,248	--
Restatement for Receivables	--	--	25,618	25,618
Fund Balance at Beginning of Year, Restated	<u>622,248</u>	<u>622,248</u>	<u>647,866</u>	<u>25,618</u>
Fund Balance at End of Year	<u>\$ 634,693</u>	<u>\$ 634,693</u>	<u>\$ 630,539</u>	<u>\$ (4,154)</u>

Sumpter Township, Michigan
Schedule of Revenues, Expenditures and Changes in Fund Balance
Royalties Fund
For the Year Ended March 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Royalties	\$ 3,225,000	\$ 3,225,000	\$ 2,754,126	\$ (470,874)
Other Financing Uses:				
Transfers to General Fund	(1,400,000)	(1,400,000)	(1,400,000)	--
Transfers to Water Supply and Sewage Disposal System Fund	(378,000)	(378,000)	(475,050)	(97,050)
Transfers to Fire Fund	(120,555)	(120,555)	(120,555)	--
Total Other Financing Uses	<u>(1,898,555)</u>	<u>(1,898,555)</u>	<u>(1,995,605)</u>	<u>(97,050)</u>
Net Change in Fund Balance	1,326,445	1,326,445	758,521	(567,924)
Fund Balance at Beginning of Year	<u>1,352,962</u>	<u>1,352,962</u>	<u>1,352,962</u>	<u>--</u>
Fund Balance at End of Year	<u>\$ 2,679,407</u>	<u>\$ 2,679,407</u>	<u>\$ 2,111,483</u>	<u>\$ (567,924)</u>

Sumpter Township, Michigan
Footnotes to Required Supplementary Information
March 31, 2005

Legal Compliance - Budgets - Accounting and Reporting

The Township is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act) as amended. The following is a summary of the requirements of this Act according to the State Treasurer's "Bulletin for Audits of Local Units of Government in Michigan" dated April 1982:

- a. Budgets must be adopted for the General Fund and Special Revenue Funds.
- b. The budgets must be balanced.
- c. The budgets must be amended when necessary.
- d. Public hearings must be held before budget adoptions.
- e. Expenditures cannot exceed budget appropriations.
- f. Expenditures must be authorized by a budget before being incurred.

The Township adopts its budget by functional activity which is in accordance with the State's legal requirements and is the level of classification detail at which expenditures may not legally exceed appropriations. Expenditures are not classified by character, e.g. current, capital outlay and debt service.

The Finance Director submits an annual budget to the Township Board in accordance with the Uniform Budgeting Act. In March, each year, the Township Board approves the operating budget for the fiscal year commencing the following April 1. The budget includes proposed expenditures and the means of financing them, for the General Fund and Special Revenue Funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. Once approved, the Township Board may amend the legally adopted budget when unexpected modifications are required. The March 31, 2005, fiscal year budget was not amended.

Legally authorized, non-appropriated budgets are prepared for the Community Development Block Grant Fund. Expenditures for this fund are controlled on a project basis and are carried forward each year until the project is completed or the grant award has been expended.

For the year ended March 31, 2005, expenditures exceeded budget appropriations in the following functional activities.

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Expenditures In Excess of Appropriations</u>
<u>General Fund</u>				
Expenditures:				
Public Safety	\$ 1,996,330	\$ 1,996,330	\$ 2,139,115	\$ 142,785
Public Works	\$ 35,680	\$ 35,680	\$ 79,667	\$ 43,987
Recreation and Culture	\$ 203,680	\$ 203,680	\$ 213,951	\$ 10,271
Other	\$ 68,850	\$ 68,850	\$ 73,809	\$ 4,959
<u>Royalties Fund</u>				
Other Financing Uses:				
Transfer to Water Supply and Sewage Disposal System	\$ 378,000	\$ 378,000	\$ 475,050	\$ 97,050

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Sumpter Township, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2005

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 2,142,567	\$ 61,570	\$ --	\$ 2,204,137
Receivables:				
Accounts	4,333	--	--	4,333
Taxes	103,523	7,828	--	111,351
Special Assessments	--	31,443	--	31,443
Intergovernmental	137,715	--	--	137,715
Due from Other Funds	4,998	--	59,247	64,245
Inventory	89	--	--	89
Prepaid Items	792	--	--	792
Deferred Charges	--	125,769	--	125,769
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 2,394,017	\$ 226,610	\$ 59,247	\$ 2,679,874
	<hr/>	<hr/>	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 85,218	\$ --	\$ --	\$ 85,218
Due to Other Funds	696,208	7,410	--	703,618
Salaries Payable	9,226	--	--	9,226
Deferred Revenue	295,745	157,212	--	452,957
Total Liabilities	<hr/>	<hr/>	<hr/>	<hr/>
	1,086,397	164,622	--	1,251,019
Fund Balance:				
Reserved for Prepaid Items	792	--	--	792
Reserved for Fire Operations	502,970	--	--	502,970
Reserved for Fire Hall Debt Retirement	65,043	--	--	65,043
Reserved for Police Operations	600,519	--	--	600,519
Reserved for Library Operations	160,024	--	--	160,024
Reserved for Debt Service	--	61,988	--	61,988
Reserved for Road Construction	--	--	59,247	59,247
Unreserved, Undesignated	(21,728)	--	--	(21,728)
Total Fund Balance	<hr/>	<hr/>	<hr/>	<hr/>
	1,307,620	61,988	59,247	1,428,855
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ 2,394,017	\$ 226,610	\$ 59,247	\$ 2,679,874
	<hr/>	<hr/>	<hr/>	<hr/>

Sumpter Township, Michigan
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended March 31, 2005

	Special Revenue	Debt Service	Capital Projects	Total
Revenues:				
Taxes	\$ 908,342	\$ --	\$ --	\$ 908,342
Intergovernmental Revenue	32,326	--	--	32,326
Special Assessments	35,054	51,710	--	86,764
Interest	9,290	297	620	10,207
Other	72,965	--	--	72,965
Total Revenues	<u>1,057,977</u>	<u>52,007</u>	<u>620</u>	<u>1,110,604</u>
Expenditures:				
Current:				
General Government	8,900	--	--	8,900
Public Safety	205,258	--	--	205,258
Recreation and Culture	147,168	--	--	147,168
Urban Housing and Redevelopment	635	--	--	635
Other	71,157	--	--	71,157
Debt Service:				
Principal	--	122,174	--	122,174
Interest and Paying Agent Fees	--	54,288	--	54,288
Total Expenditures	<u>433,118</u>	<u>176,462</u>	<u>--</u>	<u>609,580</u>
Excess of Revenues Over/(Under) Expenditures	<u>624,859</u>	<u>(124,455)</u>	<u>620</u>	<u>501,024</u>
Other Financing Sources/(Uses):				
Transfers from General Fund	68,100	--	--	68,100
Transfers to General Fund	(503,205)	--	--	(503,205)
Transfers from Fire Fund	--	120,555	--	120,555
Transfers from Royalties Fund	120,555	--	--	120,555
Transfers to General Debt Service Fund	(120,555)	--	--	(120,555)
Total Other Financing Sources/(Uses)	<u>(435,105)</u>	<u>120,555</u>	<u>--</u>	<u>(314,550)</u>
Net Change in Fund Balance	<u>189,754</u>	<u>(3,900)</u>	<u>620</u>	<u>186,474</u>
Fund Balance at Beginning of Year	1,201,955	65,888	58,627	1,326,470
Restatement for Receivables	(84,089)	--	--	(84,089)
Fund Balance at Beginning of Year, Restated	<u>1,117,866</u>	<u>65,888</u>	<u>58,627</u>	<u>1,242,381</u>
Fund Balance at End of Year	<u>\$ 1,307,620</u>	<u>\$ 61,988</u>	<u>\$ 59,247</u>	<u>\$ 1,428,855</u>

Sumpter Township, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
March 31, 2005

	<u>Fire Fund</u>	<u>Police Fund</u>	911 Emergency Service <u>Fund</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 664,388	\$ 1,020,519	\$ 62,143
Taxes Receivable	27,942	56,030	--
Accounts Receivable	--	--	4,333
Due from Other Funds	--	--	--
Due from Other Governmental Units	--	--	--
Inventory	--	--	--
Prepaid Items	792	--	--
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 693,122</u>	<u>\$ 1,076,549</u>	<u>\$ 66,476</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts Payable	\$ 5,474	\$ --	\$ --
Due to Other Funds	81,675	420,000	66,476
Salaries Payable	9,226	--	--
Deferred Revenue	27,942	56,030	--
Total Liabilities	<u>124,317</u>	<u>476,030</u>	<u>66,476</u>
Fund Balance:			
Reserved for Prepaid Items	792	--	--
Reserved for Fire Operations	502,970	--	--
Reserved for Fire Hall Debt Retirement	65,043	--	--
Reserved for Police Operations	--	600,519	--
Reserved for Library Operations	--	--	--
Unreserved, Undesignated	--	--	--
Total Fund Balance	<u>568,805</u>	<u>600,519</u>	<u>--</u>
Total Liabilities and Fund Balance	<u>\$ 693,122</u>	<u>\$ 1,076,549</u>	<u>\$ 66,476</u>

<u>Library System Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Bingo Fund</u>	<u>Federal Commodities Fund</u>	<u>Total</u>
\$ 235,394	\$ 157,384	\$ 2,739	\$ --	\$ 2,142,567
19,551	--	--	--	103,523
--	--	--	--	4,333
1,967	3,031	--	--	4,998
--	137,715	--	--	137,715
--	--	--	89	89
--	--	--	--	792
<u>\$ 256,912</u>	<u>\$ 298,130</u>	<u>\$ 2,739</u>	<u>\$ 89</u>	<u>\$ 2,394,017</u>
\$ 77,337	\$ 2,407	\$ --	\$ --	\$ 85,218
--	128,057	--	--	696,208
--	--	--	--	9,226
19,551	192,133	--	89	295,745
<u>96,888</u>	<u>322,597</u>	<u>--</u>	<u>89</u>	<u>1,086,397</u>
--	--	--	--	792
--	--	--	--	502,970
--	--	--	--	65,043
--	--	--	--	600,519
160,024	--	--	--	160,024
--	(24,467)	2,739	--	(21,728)
<u>160,024</u>	<u>(24,467)</u>	<u>2,739</u>	<u>--</u>	<u>1,307,620</u>
<u>\$ 256,912</u>	<u>\$ 298,130</u>	<u>\$ 2,739</u>	<u>\$ 89</u>	<u>\$ 2,394,017</u>

Sumpter Township, Michigan
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
Special Revenue Funds
For the Year Ended March 31, 2005

	Fire Fund	Police Fund	911 Emergency Service Fund
Revenues:			
Taxes	\$ 245,275	\$ 491,437	\$ --
Intergovernmental Revenue	--	--	--
Special Assessments	--	--	35,054
Interest	3,801	4,518	466
Other	--	--	--
Total Revenues	<u>249,076</u>	<u>495,955</u>	<u>35,520</u>
Expenditures:			
Current:			
General Government	--	--	--
Public Safety	205,258	--	--
Recreation and Culture	--	--	--
Urban Housing and Redevelopment	--	--	--
Other	--	--	--
Total Expenditures	<u>205,258</u>	<u>--</u>	<u>--</u>
Excess of Revenues Over Expenditures	<u>43,818</u>	<u>495,955</u>	<u>35,520</u>
Other Financing Sources/(Uses):			
Transfers from General Fund	68,100	--	--
Transfers to General Fund	--	(420,000)	(35,520)
Transfers from Royalties Fund	120,555	--	--
Transfers to General Debt Service Fund	(120,555)	--	--
Total Other Financing Sources/(Uses)	<u>68,100</u>	<u>(420,000)</u>	<u>(35,520)</u>
Net Change in Fund Balance	<u>111,918</u>	<u>75,955</u>	<u>--</u>
Fund Balance at Beginning of Year	479,584	570,075	--
Restatement for Receivables	(22,697)	(45,511)	--
Fund Balance at Beginning of Year - Restated	<u>456,887</u>	<u>524,564</u>	<u>--</u>
Fund Balance at End of Year	<u>\$ 568,805</u>	<u>\$ 600,519</u>	<u>\$ --</u>

Library System Fund	Community Development Block Grant Fund	Bingo Fund	Federal Commodities Fund	Total
\$ 171,630	\$ --	\$ --	\$ --	\$ 908,342
--	26,656	--	5,670	32,326
--	--	--	--	35,054
505	--	--	--	9,290
--	2,990	69,975	--	72,965
<u>172,135</u>	<u>29,646</u>	<u>69,975</u>	<u>5,670</u>	<u>1,057,977</u>
--	8,900	--	--	8,900
--	--	--	--	205,258
147,168	--	--	--	147,168
--	635	--	--	635
--	--	65,487	5,670	71,157
<u>147,168</u>	<u>9,535</u>	<u>65,487</u>	<u>5,670</u>	<u>433,118</u>
<u>24,967</u>	<u>20,111</u>	<u>4,488</u>	<u>--</u>	<u>624,859</u>
--	--	--	--	68,100
--	(44,578)	(3,107)	--	(503,205)
--	--	--	--	120,555
--	--	--	--	(120,555)
<u>--</u>	<u>(44,578)</u>	<u>(3,107)</u>	<u>--</u>	<u>(435,105)</u>
<u>24,967</u>	<u>(24,467)</u>	<u>1,381</u>	<u>--</u>	<u>189,754</u>
150,938	--	1,358	--	1,201,955
(15,881)	--	--	--	(84,089)
<u>135,057</u>	<u>--</u>	<u>1,358</u>	<u>--</u>	<u>1,117,866</u>
<u>\$ 160,024</u>	<u>\$ (24,467)</u>	<u>\$ 2,739</u>	<u>\$ --</u>	<u>\$ 1,307,620</u>

Sumpter Township, Michigan
Agency Funds
Combining Statement of Net Assets
March 31, 2005

	Delinquent Tax & Trailer Fund	Current Tax Fund	Central Dispatch Network Fund	Total
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 18,964	\$ 3,334,421	\$ 49,295	\$ 3,402,680
Accounts Receivable	16,769	--	7,461	24,230
Due from Water Supply and Sewage Disposal System Fund	--	4	--	4
Prepaid Items	--	--	1,036	1,036
Total Assets	<u>\$ 35,733</u>	<u>\$ 3,334,425</u>	<u>\$ 57,792</u>	<u>\$ 3,427,950</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ --	\$ 3,452	\$ 52,551	\$ 56,003
Salaries Payable	--	--	2,461	2,461
Pension Payable	--	--	2,614	2,614
Due to Current Tax Collection Fund	4	--	--	4
Due to Other Governmental Units	35,699	3,330,973	166	3,366,838
Deferred Revenue	30	--	--	30
Total Liabilities	<u>\$ 35,733</u>	<u>\$ 3,334,425</u>	<u>\$ 57,792</u>	<u>\$ 3,427,950</u>

Sumpter Township, Michigan
Agency Funds
Combining Schedule of Changes in Assets and Liabilities
For the Year Ended March 31, 2005
(Page 1 of 2)

	Balance April 1, 2004	Additions	Deductions	Balance March 31, 2005
<u>Delinquent Tax and Trailer Fund</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 186,218	\$ 196,696	\$ 363,950	\$ 18,964
Accounts Receivable	--	16,769	--	16,769
Total Assets	<u>\$ 186,218</u>	<u>\$ 213,465</u>	<u>\$ 363,950</u>	<u>\$ 35,733</u>
<u>LIABILITIES</u>				
Due to General Fund	\$ 31,355	\$ 37,637	\$ 68,992	\$ --
Due to Fire Fund	23,155	24,047	47,202	--
Due to Police Fund	46,035	47,831	93,866	--
Due to Library System Fund	16,140	16,839	32,979	--
Due to General Debt Service Fund	--	21,328	21,328	--
Due to Water Supply and Sewage Disposal System Fund	34,532	16,465	50,997	--
Due to Current Tax Collection Fund	--	4	--	4
Due to Other Governmental Units	35,001	41,805	41,107	35,699
Deferred Revenue	--	30	--	30
Total Liabilities	<u>\$ 186,218</u>	<u>\$ 205,986</u>	<u>\$ 356,471</u>	<u>\$ 35,733</u>
<u>2003 Current Tax Collection Fund</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 696,764	\$ 852,743	\$ 446,994	\$ 1,102,513
Due from Water Supply and Sewage Disposal System Fund	147	--	147	--
Total Assets	<u>\$ 696,911</u>	<u>\$ 852,743</u>	<u>\$ 447,141</u>	<u>\$ 1,102,513</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 54,160	\$ --	\$ 54,160	\$ --
Due to General Fund	43,298	--	43,298	--
Due to Fire Fund	20,743	--	20,743	--
Due to Police Fund	41,571	--	41,571	--
Due to Library System Fund	14,507	--	14,507	--
Due to General Debt Service Fund	3,833	--	3,833	--
Due to Water Supply and Sewage Disposal System Fund	5,625	--	5,625	--
Due to Other Governmental Units	513,174	852,743	263,404	1,102,513
Total Liabilities	<u>\$ 696,911</u>	<u>\$ 852,743</u>	<u>\$ 447,141</u>	<u>\$ 1,102,513</u>
<u>2004 Current Tax Collection Fund</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ --	\$ 8,769,088	\$ 6,371,341	\$ 2,231,908
Due to Delinquent Tax and Trailer Fund	--	4	--	4
	<u>\$ --</u>	<u>\$ 8,769,092</u>	<u>\$ 6,371,341</u>	<u>\$ 2,231,912</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ --	\$ 3,452	\$ --	\$ 3,452
Due to General Fund	--	304,080	304,080	--
Due to Fire Fund	--	221,226	221,226	--
Due to Police Fund	--	443,605	443,605	--
Due to Library System Fund	--	154,790	154,790	--
Due to General Debt Service Fund	--	36,409	36,409	--
Due to Water Supply and Sewage Disposal System Fund	--	87,754	87,754	--
Due to Other Governmental Units	--	7,517,776	5,289,316	2,228,460
Total Liabilities	<u>\$ --</u>	<u>\$ 8,769,092</u>	<u>\$ 6,537,180</u>	<u>\$ 2,231,912</u>

Sumpter Township, Michigan
Agency Funds
Combining Schedule of Changes in Assets and Liabilities
For the Year Ended March 31, 2005
(Page 2 of 2)

	Balance April 1, 2004	Additions	Deductions	Balance March 31, 2005
<u>Central Dispatch Network Fund</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 11,457	\$ 292,425	\$ 254,587	\$ 49,295
Accounts Receivable	21,682	297,845	312,066	7,461
Due from General Fund	6,844	1,506	8,350	--
Prepaid Items	522	1,036	522	1,036
Total Assets	<u>\$ 40,505</u>	<u>\$ 592,812</u>	<u>\$ 575,525</u>	<u>\$ 57,792</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 27,827	\$ 61,169	\$ 36,445	\$ 52,551
Salaries Payable	8,451	259,072	265,062	2,461
Pension Payable	2,618	9,532	9,536	2,614
Due to Other Governmental Units	1,609	263,039	264,482	166
Total Liabilities	<u>\$ 40,505</u>	<u>\$ 592,812</u>	<u>\$ 575,525</u>	<u>\$ 57,792</u>
 <u>TOTAL - AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 894,439	\$ 10,110,952	\$ 7,602,711	\$ 3,402,680
Accounts Receivable	21,682	314,614	312,066	24,230
Due from General Fund	6,844	1,506	8,350	--
Due from Water Supply and Sewage Disposal System Fund	147	--	147	--
Due from Delinquent Tax and Trailer Fund	--	4	--	4
Prepaid Items	522	1,036	522	1,036
Total Assets	<u>\$ 923,634</u>	<u>\$ 10,428,112</u>	<u>\$ 7,923,796</u>	<u>\$ 3,427,950</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 81,987	\$ 64,621	\$ 90,605	\$ 56,003
Salaries Payable	8,451	259,072	265,062	2,461
Pension Payable	2,618	9,532	9,536	2,614
Due to General Fund	74,653	341,717	416,370	--
Due to Fire Fund	43,898	245,273	289,171	--
Due to Police Fund	87,606	491,436	579,042	--
Due to Library System Fund	30,647	171,629	202,276	--
Due to General Debt Service Fund	3,833	57,737	61,570	--
Due to Water Supply and Sewage Disposal System Fund	40,157	104,219	144,376	--
Due to Current Tax Collection	--	4	--	4
Due to Other Governmental Units	549,784	6,969,877	4,152,823	3,366,838
Deferred Revenue	--	30	--	30
Total Liabilities	<u>\$ 923,634</u>	<u>\$ 8,715,147</u>	<u>\$ 6,210,831</u>	<u>\$ 3,427,950</u>

**OTHER SUPPORTING SCHEDULES AND
FINANCIAL INFORMATION**



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

March 22, 2006

To the Township Board
Sumpter Township
Belleville, Michigan 48111

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Sumpter Township, Michigan** as of and for the year ended March 31, 2005, which collectively comprise the **Sumpter Township, Michigan's** basic financial statements and have issued our report thereon dated March 22, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Sumpter Township, Michigan's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have had direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the board of trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Lehmann Lobson

Sumpter Township, Michigan
General Fund
Detailed Schedule of Revenues - Budget and Actual
For the Year Ended March 31, 2005
With Comparative Actual Amounts for the Year Ended March 31, 2004

	Approved Budget	Actual	Variance	March 31, 2004 Actual
<u>Taxes:</u>				
Current Real Property Tax	\$ 207,200	\$ 196,697	\$ (10,503)	\$ 206,708
Unpaid Personal Property Tax	100	20,727	20,627	517
Interest and Penalties on				
Delinquent Property Tax	10	21,745	21,735	80
Land Sales	5	--	(5)	--
Property Tax Administrative Fee	70,621	96,072	25,451	86,128
Total Taxes	<u>277,936</u>	<u>335,241</u>	<u>57,305</u>	<u>293,433</u>
<u>Business Licenses and Permits:</u>				
Electrical, Heating and Plumbing	3,500	2,955	(545)	3,623
Mobile Court Fees	7,000	8,361	1,361	9,041
Other Business Licenses and Permits	1,500	2,830	1,330	1,737
Kennel Licenses	100	80	(20)	40
Total Business Licenses and Permits	<u>12,100</u>	<u>14,226</u>	<u>2,126</u>	<u>14,441</u>
<u>Non-Business Licenses and Permits:</u>				
Building Permits	120,000	99,635	(20,365)	115,316
Electrical Permits	25,000	20,620	(4,380)	22,982
Heating Permits	17,500	15,478	(2,022)	17,638
Plumbing Permits	13,000	10,789	(2,211)	12,069
Fishing Permits	100	146	46	479
Dog Licenses	1,500	2,717	1,217	1,897
Total Non-Business Licenses and Permits	<u>177,100</u>	<u>149,385</u>	<u>(27,715)</u>	<u>170,381</u>
<u>Intergovernmental Revenue:</u>				
Federal Grants	--	3,401	3,401	--
State Revenue Sharing	935,000	946,973	11,973	972,764
Liquor Licenses	1,850	2,308	458	1,840
Other	47,000	25,187	(21,813)	47,240
Total State Revenue	<u>983,850</u>	<u>977,869</u>	<u>(5,981)</u>	<u>1,021,844</u>
<u>Charges for Services:</u>				
Zoning Fees	6,000	1,859	(4,141)	5,216
Duplicating-Photostat Service	3,000	3,858	858	2,766
Police Department Revenue	4,500	12,386	7,886	7,475
Cable TV Revenue	29,000	41,076	12,076	29,133
Children's Christmas Party	6,500	2,316	(4,184)	4,512
Recreation Department	12,000	18,827	6,827	16,785
Sumpter Country Festival	45,000	36,791	(8,209)	37,641
Cemetery	100	--	(100)	250
Other	100	8,060	7,960	7,375
Total Charges for Services	<u>106,200</u>	<u>125,173</u>	<u>18,973</u>	<u>111,153</u>

Sumpter Township, Michigan
General Fund
Detailed Schedule of Revenues - Budget and Actual
For the Year Ended March 31, 2005
With Comparative Actual Amounts for the Year Ended March 31, 2003

	Approved Budget	Actual	Variance	March 31, 2004 Actual
<u>Fines and Forfeits:</u>				
Court Judgment Fees	\$ 20,500	\$ 25,656	\$ 5,156	\$ 26,368
<u>Interest and Rents:</u>				
Interest Earned on Deposits	8,650	12,807	4,157	11,985
Rents	30,500	31,537	1,037	33,290
Total Interest and Rents	39,150	44,344	5,194	45,275
<u>Miscellaneous:</u>				
Special Assessments - Rubbish	150,000	132,793	(17,207)	124,486
Reimbursements:				
Water Administration Fee	120,000	120,000	--	120,000
Senior Alliance, Inc.	7,500	6,119	(1,381)	8,935
SMART	22,000	13,523	(8,477)	21,346
Refunds	1,000	9,834	8,834	18,400
Senior Trips and Activities	--	3,064	3,064	3,648
Contributions from Outside Sources	--	--	--	19,300
Other Revenue	7,500	2,043	(5,457)	4,840
Total Miscellaneous	308,000	287,376	(20,624)	320,955
Total Revenues	1,924,836	1,959,270	34,434	2,003,850
<u>Other Financing Sources:</u>				
Capital Lease Proceeds	--	--	--	164,635
Transfers In:				
Police Fund	420,000	420,000	--	324,000
Community Development Block Grant	17,500	44,578	27,078	17,250
911 Emergency Service Fund	24,050	35,520	11,470	41,354
Royalties Fund	1,400,000	1,400,000	--	1,200,000
Bingo Fund	10,000	3,107	(6,893)	13,316
Total Other Financing Sources	1,871,550	1,903,205	31,655	1,760,555
Total Revenues and Other Financing Sources	\$ 3,796,386	\$ 3,862,475	\$ 66,089	\$ 3,764,405

Sumpter Township, Michigan
General Fund
Detailed Schedule of Expenditures - Budget and Actual
For the Year Ended March 31, 2005
With Comparative Actual Amounts for the Year Ended March 31, 2004

	Approved Budget	Actual	Variance	March 31, 2004 Actual
<u>Township Board:</u>				
Salaries	\$ 20,000	\$ 21,475	\$ (1,475)	\$ 28,631
Fringe Benefits	25,373	25,389	(16)	7,600
Operating Supplies	1,200	1,334	(134)	1,005
Contracted Services	3,000	3,075	(75)	3,036
Memberships and Dues	9,300	10,758	(1,458)	6,845
Communications	2,200	3,050	(850)	2,022
Transportation and Travel	500	379	121	64
Other Expense	1,000	969	31	75
Capital Outlay	500	--	500	--
Total Township Board	63,073	66,429	(3,356)	49,278
<u>Township Supervisor:</u>				
Salaries	100,607	78,474	22,133	103,455
Fringe Benefits	63,502	39,402	24,100	45,574
Children's Christmas Party	6,500	5,079	1,421	6,323
Operating Supplies	4,500	13,756	(9,256)	4,893
Contracted Services	500	374	126	75
Computer Services	--	--	--	805
Communications	1,200	243	957	1,034
Transportation and Travel	1,250	1,379	(129)	987
Training and Education	5,000	4,267	733	4,554
Other Expense	2,100	1,297	803	2,069
Capital Outlay	4,000	--	4,000	5,779
Total Township Supervisor	189,159	144,271	44,888	175,548
<u>Election:</u>				
Office Supplies	5,000	1,733	3,267	2,076
Election Workers	13,000	20,681	(7,681)	23,071
Fringe Benefits	300	465	(165)	573
Election Supplies	500	272	228	11,071
Printing and Publishing	600	681	(81)	803
Equipment Maintenance	350	--	350	41
Other Expense	1,500	568	932	1,330
Capital Outlay	2,500	--	2,500	2,280
Total Election	23,750	24,400	(650)	41,245
<u>Data Processing Department:</u>				
Salaries	3,000	--	3,000	--
Fringe Benefits	600	--	600	--
Operating Supplies	500	--	500	--
Contracted Services	8,500	8,537	(37)	6,279
Training and Education	3,500	--	3,500	--
Equipment Repair and Maintenance	500	--	500	--
Capital Outlay	7,500	3,866	3,634	--
Total Data Processing Department	24,100	12,403	11,697	6,279
<u>Independent Accounting and Audit</u>				
	50,000	88,360	(38,360)	59,305
<u>Assessor:</u>				
Contracted Services	25,300	59,069	(33,769)	18,679

Sumpter Township, Michigan
General Fund
Detailed Schedule of Expenditures - Budget and Actual
For the Year Ended March 31, 2005
With Comparative Actual Amounts for the Year Ended March 31, 2004

	Approved Budget	Actual	Variance	March 31, 2004 Actual
<u>Attorney</u>	\$ 70,000	\$ 51,814	\$ 18,186	\$ 63,158
<u>Township Clerk:</u>				
Salaries	215,975	258,240	(42,265)	210,646
Fringe Benefits	92,304	95,534	(3,230)	65,735
Operating Supplies	2,750	2,742	8	4,497
Contracted Services	250	--	250	299
Computer Services	--	--	--	--
Communications	2,200	1,924	276	2,346
Transportation and Travel	450	642	(192)	436
Training and Education	5,000	5,495	(495)	2,712
Other Expense	500	568	(68)	1,182
Capital Outlay	4,000	1,734	2,266	--
Total Township Clerk	323,429	366,879	(43,450)	287,853
<u>Board of Review:</u>				
Salaries	4,500	3,851	649	2,970
Fringe Benefits	550	322	228	243
Office Supplies	350	181	169	33
Computer Services	100	--	100	--
Transportation and Travel	250	505	(255)	18
Printing and Publishing	250	602	(352)	91
Total Board of Review	6,000	5,461	539	3,355
<u>General Office:</u>				
Office Supplies	20,000	23,487	(3,487)	21,193
Contracted Services	3,000	4,950	(1,950)	1,922
Printing and Publishing	12,000	9,910	2,090	11,379
Newsletter	4,500	3,304	1,196	--
Other Expense	500	136	364	290
Capital Outlay	500	--	500	--
Total General Office	40,500	41,787	(1,287)	34,784
<u>Community Promotion (Sumpter Fest):</u>				
Salaries	5,000	4,573	427	4,155
Fringe Benefits	900	865	35	748
Operating Supplies	10,000	5,108	4,892	7,815
Contracted Services	41,500	33,208	8,292	39,402
Membership and Dues	--	--	--	--
Transportation and Travel	--	--	--	--
Printing and Publishing	5,500	3,970	1,530	2,122
Insurance and Bonds	3,500	4,921	(1,421)	2,926
Utilities	500	--	500	--
Other Expense	2,700	1,725	975	604
Total Community Promotion (Sumpter Fest)	69,600	54,370	15,230	57,772

Sumpter Township, Michigan
General Fund
Detailed Schedule of Expenditures - Budget and Actual
For the Year Ended March 31, 2005
With Comparative Actual Amounts for the Year Ended March 31, 2004

	Approved Budget	Actual	Variance	March 31, 2004 Actual
<u>Township Treasurer:</u>				
Salaries	\$ 59,431	\$ 70,211	\$ (10,780)	\$ 56,433
Fringe Benefits	29,647	25,760	3,887	20,310
Operating Supplies	4,000	1,658	2,342	1,480
Contracted Services	7,000	14,162	(7,162)	6,038
Computer Services	1,000	(704)	1,704	--
Communications	900	1,074	(174)	720
Tax Roll Preparation	3,650	4,780	(1,130)	3,569
Transportation and Travel	900	702	198	946
Training and Education	3,500	80	3,420	1,038
Other Expense	500	140	360	66
Capital Outlay	3,500	--	3,500	--
Total Township Treasurer	114,028	117,863	(3,835)	90,600
<u>Township Hall and Grounds:</u>				
Salaries	7,500	--	7,500	--
Fringe Benefits	600	--	600	--
Operating Supplies	5,500	6,949	(1,449)	6,709
Contracted Services	18,500	24,147	(5,647)	17,352
Communications	14,000	11,548	2,452	12,406
Utilities	15,500	12,469	3,031	12,035
Repairs and Maintenance	6,000	8,746	(2,746)	3,838
Other Expense	2,800	7,321	(4,521)	2,667
Capital Outlay	73,000	19,805	53,195	67,408
Total Township Hall and Grounds	143,400	90,985	52,415	122,415
<u>Civic Center:</u>				
Salaries	9,672	5,157	4,515	6,643
Fringe Benefits	1,740	917	823	968
Operating Supplies	3,300	1,838	1,462	4,063
Contracted Services	10,000	2,457	7,543	4,574
Communications	850	639	211	660
Utilities	9,500	6,149	3,351	4,294
Repairs and Maintenance	18,000	6,795	11,205	7,736
Other Expense	500	--	500	--
Capital Outlay	40,000	3,572	36,428	3,529
Total Civic Center	93,562	27,524	66,038	32,467
<u>PNA Hall:</u>				
Salaries	3,200	2,437	763	2,805
Fringe Benefits	775	465	310	524
Operating Supplies	900	875	25	1,278
Contracted Services	7,000	5,314	1,686	6,296
Communications	675	728	(53)	575
Utilities	6,750	7,185	(435)	6,970
Building Repairs and Maintenance	3,000	1,218	1,782	2,173
Other Expense	100	--	100	--
Capital Outlay	2,500	--	2,500	--
Total PNA Hall	24,900	18,222	6,678	20,621

Sumpter Township, Michigan
General Fund
Detailed Schedule of Expenditures - Budget and Actual
For the Year Ended March 31, 2005
With Comparative Actual Amounts for the Year Ended March 31, 2004

	Approved Budget	Actual	Variance	March 31, 2004 Actual
<u>Police Department:</u>				
Salaries	\$ 785,263	\$ 825,833	\$ (40,570)	\$ 812,547
Fringe Benefits	320,210	400,900	(80,690)	337,050
Office Supplies	5,000	4,334	666	3,032
Operating Supplies	20,000	43,172	(23,172)	22,607
Board of Prisoners	9,000	8,310	690	3,605
Contracted Services	20,000	37,976	(17,976)	19,068
Computer Services	-	2,803	(2,803)	280
Communications	25,500	40,683	(15,183)	25,781
Transportation and Travel	21,000	24,125	(3,125)	20,655
Insurance and Bonds	67,500	72,014	(4,514)	64,487
Utilities	29,900	24,493	5,407	21,435
Building Repairs and Maintenance	7,500	3,126	4,374	3,249
Equipment Repairs and Maintenance	15,000	19,549	(4,549)	14,689
Training and Education	12,000	14,759	(2,759)	11,429
Youth at Risk	5	-	5	-
Other Expense	1,000	57,797	(56,797)	58,370
Capital Outlay	125,000	2,495	122,505	215,904
Total Police Department	<u>1,463,878</u>	<u>1,582,369</u>	<u>(118,491)</u>	<u>1,634,188</u>
<u>Radio Communications Department:</u>				
Contracted Services	<u>154,000</u>	<u>134,000</u>	<u>20,000</u>	<u>142,350</u>
<u>Inspection Department:</u>				
Salaries	93,491	84,043	9,448	104,805
Fringe Benefits	42,999	42,667	332	40,209
Office Supplies	2,200	1,837	363	1,035
Operating Supplies	1,500	4,869	(3,369)	3,384
Contracted Services	47,000	45,955	1,045	44,875
Computer Services	750	44	706	528
Communications	1,100	556	544	1,299
Transportation and Travel	3,500	3,087	413	2,994
Training and Education	1,850	25	1,825	-
Building Repairs and Maintenance	500	-	500	-
Equipment Repairs and Maintenance	500	20	480	-
Other Expense	425	287	138	100
Capital Outlay	2,000	-	2,000	-
Total Inspection Department	<u>197,815</u>	<u>183,390</u>	<u>14,425</u>	<u>199,229</u>
<u>Planning Department:</u>				
Salaries	1,500	-	1,500	-
Fringe Benefits	105	-	105	-
Contracted Services	8,500	15,538	(7,038)	3,721
Engineer	14,500	37,212	(22,712)	-
Planner	5,000	-	5,000	-
Other Expense	1,500	683	817	1,095
Total Planning Department	<u>31,105</u>	<u>53,433</u>	<u>(22,328)</u>	<u>4,816</u>

Sumpter Township, Michigan
Special Revenue Fund
911 Emergency Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended March 31, 2005

	<u>Approved Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Special Assessments	\$ 23,800	\$ 35,054	\$ 11,254
Interest	250	466	216
Total Revenues	<u>24,050</u>	<u>35,520</u>	<u>11,470</u>
Other Financing Uses:			
Transfers to General Fund	<u>(24,050)</u>	<u>(35,520)</u>	<u>(11,470)</u>
Net Change in Fund Balance	--	--	--
Fund Balance at Beginning of Year	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balance at End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Sumpter Township, Michigan
Special Revenue Fund
Library System Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended March 31, 2005

	<u>Approved Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes	\$ 163,144	\$ 171,630	\$ 8,486
Interest	450	505	55
Total Revenues	<u>163,594</u>	<u>172,135</u>	<u>8,541</u>
Expenditures:			
Contracted Services	130,000	147,168	(17,168)
Miscellaneous Expense	1,200	--	1,200
Total Expenditures	<u>131,200</u>	<u>147,168</u>	<u>(15,968)</u>
Net Change in Fund Balance	<u>32,394</u>	<u>24,967</u>	<u>(7,427)</u>
Fund Balance at Beginning of Year	150,938	150,938	--
Restatement for Receivables	--	(15,881)	(15,881)
Fund Balance at Beginning of Year - Restated	<u>150,938</u>	<u>135,057</u>	<u>(15,881)</u>
Fund Balance at End of Year	<u>\$ 183,332</u>	<u>\$ 160,024</u>	<u>\$ (23,308)</u>

Sumpter Township, Michigan
Special Revenue Fund
Community Development Block Grant Fund
Schedule of Revenues, Expenditure and Changes in Fund Balance
For the Year Ended March 31, 2005

	March 31, <u>2005</u>
Revenues:	
Intergovernmental Revenues:	
Federal Grant	\$ 26,656
Other	<u>2,990</u>
Total Revenues	<u>29,646</u>
Expenditures:	
Other Functions:	
Housing Rehabilitation	635
Planning	3,600
Administration	<u>5,300</u>
Total Expenditures	<u>9,535</u>
Excess of Revenues Over Expenditures	<u>20,111</u>
Other Financing Uses:	
Transfers to:	
General Fund	<u>(44,578)</u>
Net Change in Fund Balance	(24,467)
Fund Balance at Beginning of Year	<u>--</u>
Fund Balance/(Deficit) at End of Year	<u>\$ (24,467)</u>

Sumpter Township, Michigan
Special Revenue Fund
Community Development Block Grant Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended March 31, 2005

	<u>Budget</u>	March 31, 2005 <u>Actual</u>	Cumulative to <u>3/31/05</u>
<u>1991 Housing Program Income:</u>			
Revenues:			
Other	\$ 163,896	\$ 2,990	\$ 2,990
Expenditures:			
Housing Rehabilitation	147,506	635	635
Administration	16,390	2,355	2,355
Total Expenditures	<u>163,896</u>	<u>2,990</u>	<u>2,990</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
 <u>1997 Program Income:</u>			
Revenues:			
Other	\$ 31,227	\$ --	\$ --
Expenditures:			
Planning	<u>31,227</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
 <u>2003 Grant Program:</u>			
Revenues:			
Federal	\$ 115,000	\$ 26,656	\$ 113,248
Expenditures:			
Planning	\$ 15,000	\$ --	\$ 15,000
Administration	2,250	1,080	2,250
Total Expenditures	<u>17,250</u>	<u>1,080</u>	<u>17,250</u>
Excess of Revenues Over Expenditures	<u>97,750</u>	<u>25,576</u>	<u>95,998</u>
Other Financing Uses:			
Transfer to General Fund:			
Community Center Renovation	(80,500)	(27,328)	(80,500)
Senior Services	(17,250)	--	(17,250)
Total Other Financing Uses	<u>(97,750)</u>	<u>(27,328)</u>	<u>(97,750)</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ (1,752)</u>	<u>\$ (1,752)</u>

Sumpter Township, Michigan
Special Revenue Fund
Community Development Block Grant Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended March 31, 2005

	<u>Budget</u>	March 31, 2005 <u>Actual</u>	Cumulative to <u>3/31/05</u>
<u>2004 Grant Program:</u>			
Revenues:			
Federal	\$ 127,000	\$ --	\$ --
Expenditures:			
Park Renovation	\$ 99,285	\$ --	\$ --
Planning	5,000	3,600	3,600
Administration	5,465	1,865	1,865
Total Expenditures	<u>109,750</u>	<u>5,465</u>	<u>5,465</u>
Excess of Revenues Over/(Under) Expenditures	17,250	(5,465)	(5,465)
Other Financing Uses:			
Transfer to General Fund:			
Senior Services	<u>(17,250)</u>	<u>(17,250)</u>	<u>(17,250)</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ (22,715)</u>	<u>\$ (22,715)</u>

Sumpter Township, Michigan
Special Revenue Fund
Federal Commodities Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended March 31, 2005
With Comparative Actual Amounts for the Year Ended March 30, 2004

	<u>Approved Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Federal Commodities	\$ 10,000	\$ 5,670	\$ (4,330)
Expenditures:			
Commodities Distribution	10,000	5,670	4,330
Net Change in Fund Balance	--	--	--
Fund Balance at Beginning of Year	--	--	--
Fund Balance at End of Year	\$ --	\$ --	\$ --

Sumpter Township, Michigan
Special Revenue Fund
Bingo Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended March 31, 2005

	<u>Approved Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Receipts	\$ 133,000	\$ 69,975	\$ (63,025)
Interest	10	--	(10)
Total Revenues	<u>133,010</u>	<u>69,975</u>	<u>(63,035)</u>
Expenditures:			
Prizes	101,900	54,491	47,409
Office Expense	100	--	100
Operating Supplies	9,425	5,410	4,015
Contracted Services	9,650	5,393	4,257
Advertisement	1,000	193	807
Transportation and Travel	50	--	50
Equipment Repair and Maintenance	50	--	50
Total Expenditures	<u>122,175</u>	<u>65,487</u>	<u>56,688</u>
Excess of Revenues Over Expenditures	10,835	4,488	(6,347)
Other Financing Uses:			
Transfers to General Fund	<u>(10,000)</u>	<u>(3,107)</u>	<u>6,893</u>
Net Change in Fund Balance	835	1,381	546
Fund Balance at Beginning of Year	<u>1,358</u>	<u>1,358</u>	<u>--</u>
Fund Balance at End of Year	<u>\$ 2,193</u>	<u>\$ 2,739</u>	<u>\$ 546</u>

*Supplementary
Financial Data*

Sumpter Township, Michigan
Schedule of Property, Plant and Equipment
Proprietary Fund
Water Supply and Sewage Disposal System Fund
March 31, 2005

	<u>Cost</u>	<u>Depreciation</u>	<u>Net Assets March 31, 2005</u>
Land	\$ 92,368	\$ --	\$ 92,368
Building	139,322	100,312	39,010
Land Improvements and Additions:			
Water Mains	12,253,742	6,061,720	6,192,022
Water Meters	430,315	129,691	300,624
Water Connections	1,808,102	549,703	1,258,399
Sewer System	9,403,808	857,238	8,546,570
	<u>23,895,967</u>	<u>7,598,352</u>	<u>16,297,615</u>
Machinery and Equipment	226,043	208,764	17,279
Sub Total	<u>24,353,700</u>	<u>7,907,428</u>	<u>16,446,272</u>
Construction in Progress			
Sewer System	81,984	--	81,984
Total Property, Plant and Equipment	<u>\$ 24,435,684</u>	<u>\$ 7,907,428</u>	<u>\$ 16,528,256</u>

Sumpter Township, Michigan
Schedule of Long-Term Debt
Proprietary Fund
Water Supply and Sewage Disposal System Fund
March 31, 2005
(Page 1 of 2)

Fiscal Year Ended	Water Revenue Bonds (FmHa)		Canton, Van Buren, Sumpter Water and Sewage Disposal Authority	Water and Sewage Disposal System Revenue Refunding Bonds	Water and Sewage Disposal System Capital Improvement Sewer Bonds
	Series I	Series II	1978	2004	2004
	<u>6/23/78</u>	<u>12/08/78</u>	<u>Series</u>	<u>Series</u>	<u>Series</u>
2006	\$ 35,000	\$ 5,000	\$ 35,000	\$ 215,000	\$ 100,000
2007	35,000	5,000	35,000	220,000	105,000
2008	40,000	5,000	35,000	225,000	110,000
2009	40,000	10,000	35,000	230,000	110,000
2010	40,000	10,000	35,000	235,000	110,000
2011	45,000	10,000	40,000	240,000	115,000
2012	45,000	10,000	40,000	250,000	115,000
2013	50,000	10,000	40,000	255,000	120,000
2014	50,000	15,000	40,000	265,000	125,000
2015	50,000	15,000	40,000	270,000	130,000
2016	50,000	15,000	40,000	--	150,000
2017	50,000	15,000	40,000	--	160,000
2018	--	75,000	40,000	--	170,000
2019	--	--	--	--	170,000
2020	--	--	--	--	180,000
2021	--	--	--	--	190,000
2022	--	--	--	--	200,000
2023	--	--	--	--	205,000
2024	--	--	--	--	215,000
2025	--	--	--	--	220,000
	<u>\$ 530,000</u>	<u>\$ 200,000</u>	<u>\$ 495,000</u>	<u>\$ 2,405,000</u>	<u>\$ 3,000,000</u>

Special Assessment Bonds					
1999 Series	2000 Series	Total Debt Requirements	Total Interest on All Debt	Total Debt and Interest Requirements	Fiscal Year Ended
\$ 20,000	\$ 17,826	\$ 427,826	\$ 258,504	\$ 686,330	2006
20,000	17,826	437,826	246,512	684,338	2007
20,000	17,826	452,826	234,321	687,147	2008
20,000	19,312	464,312	221,386	685,698	2009
--	19,311	449,311	206,842	656,153	2010
--	--	450,000	192,177	642,177	2011
--	--	460,000	176,548	636,548	2012
--	--	475,000	160,272	635,272	2013
--	--	495,000	142,185	637,185	2014
--	--	505,000	122,660	627,660	2015
--	--	255,000	102,423	357,423	2016
--	--	265,000	91,172	356,172	2017
--	--	285,000	79,123	364,123	2018
--	--	170,000	66,062	236,062	2019
--	--	180,000	58,625	238,625	2020
--	--	190,000	50,525	240,525	2021
--	--	200,000	41,500	241,500	2022
--	--	205,000	32,000	237,000	2023
--	--	215,000	21,750	236,750	2024
--	--	220,000	11,000	231,000	2025
<u>\$ 80,000</u>	<u>\$ 92,101</u>	<u>\$ 6,802,101</u>	<u>\$ 2,515,587</u>	<u>\$ 9,317,688</u>	